



VILLAGE OF OTTAWA
PUTNAM COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT

Village of Ottawa
Putnam County
136 North Oak Street
Ottawa, Ohio 45875-1810

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Ottawa, Putnam County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2023, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2023, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2023, or the changes in financial position or, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2024, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

October 9, 2024

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Village of Ottawa
Putnam County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2023

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$291,165	\$97,133		\$388,298
Municipal Income Tax		2,742,536		2,742,536
Intergovernmental	113,752	556,766	\$2,386,944	3,057,462
Charges for Services	97,008	591		97,599
Fines, Licenses and Permits	52,169	515		52,684
Earnings on Investments	170,000	4,755		174,755
Miscellaneous	106,996	110,539		217,535
<i>Total Cash Receipts</i>	<u>831,090</u>	<u>3,512,835</u>	<u>2,386,944</u>	<u>6,730,869</u>
Cash Disbursements				
Current:				
Security of Persons and Property	161,297	936,069		1,097,366
Leisure Time Activities	214,444	4,678		219,122
Community Environment	191,813			191,813
Transportation		298,563		298,563
General Government	282,639	351,331		633,970
Capital Outlay	131,648	1,562,043	3,664,771	5,358,462
Debt Service:				
Principal Retirement		715,813		715,813
Interest and Fiscal Charges		60,718		60,718
<i>Total Cash Disbursements</i>	<u>981,841</u>	<u>3,929,215</u>	<u>3,664,771</u>	<u>8,575,827</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(150,751)</u>	<u>(416,380)</u>	<u>(1,277,827)</u>	<u>(1,844,958)</u>
Other Financing Receipts (Disbursements)				
Sale of Notes			3,586,792	3,586,792
Sale of Capital Assets		11,700		11,700
Transfers In		5,497		5,497
Transfers Out	(5,497)			(5,497)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(5,497)</u>	<u>17,197</u>	<u>3,586,792</u>	<u>3,598,492</u>
<i>Net Change in Fund Cash Balances</i>	<u>(156,248)</u>	<u>(399,183)</u>	<u>2,308,965</u>	<u>1,753,534</u>
<i>Fund Cash Balances, January 1</i>	<u>1,349,751</u>	<u>3,004,293</u>	<u>35,672</u>	<u>4,389,716</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,193,503</u>	<u>\$2,605,110</u>	<u>\$2,344,637</u>	<u>\$6,143,250</u>

The notes to the financial statements are an integral part of this statement.

Village of Ottawa
Putnam County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2023

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$4,140,410
Miscellaneous	3,816
	4,144,226
<i>Total Operating Cash Receipts</i>	<i>4,144,226</i>
Operating Cash Disbursements	
Personal Services	949,691
Fringe Benefits	528,823
Contractual Services	770,818
Supplies and Materials	512,405
Other	24,698
	2,786,435
<i>Total Operating Cash Disbursements</i>	<i>2,786,435</i>
<i>Operating Income</i>	<i>1,357,791</i>
Non-Operating Receipts (Disbursements)	
Intergovernmental	9,462
Special Assessments	5,212
Capital Outlay	(439,505)
Principal Retirement	(718,364)
Interest and Other Fiscal Charges	(73,533)
	(1,216,728)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(1,216,728)</i>
<i>Net Change in Fund Cash Balances</i>	<i>141,063</i>
<i>Fund Cash Balances, January 1</i>	<i>2,227,687</i>
<i>Fund Cash Balances, December 31</i>	<i>\$2,368,750</i>

The notes to the financial statements are an integral part of this statement.

Village of Ottawa
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The Village of Ottawa, Putnam County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Beginning January 1, 2000, the Village's form of government was changed from statutory to a charter form of government. A publicly-elected six-member Council directs the Village. The Village provides police and fire protection, parks and recreation operations, street maintenance and repairs, general government services, and water and sewer utilities. The Village appropriates General Fund money to support a volunteer fire department.

Joint Governed Organization and Public Entity Risk Pools

The Village participates in a jointly governed organization, the Regional Income Tax Agency (RITA), and public entity risk pools, the Public Entities Pool of Ohio and the Ohio Association of Public Treasurers'. Notes 6, 11, and 12 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund type which are all organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

Income Tax Fund The Income Tax Fund accounts for and reports revenues derived mainly from the Village's one percent income tax. It is used primarily to fund capital improvements. Its use is committed by Village ordinance.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

WTP Improvements Fund The WTP Improvements Fund accounts for and reports proceeds of an OWDA grant/loan. The proceeds are restricted for improvements at the water treatment plant.

Village of Ottawa
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Operating Fund The Water Operating Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Operating Fund The Sewer Operating Fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated.

A summary of 2023 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Village of Ottawa
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2023, distributions of \$325 are reflected as miscellaneous revenue in the General Fund in the accompanying financial statements.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the General Fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 15.

Village of Ottawa
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$611,544	\$831,090	\$219,546
Special Revenue	3,090,843	3,530,032	439,189
Capital Projects	5,931,438	5,973,736	42,298
Enterprise	3,497,898	4,158,900	661,002
Total	\$13,131,723	\$14,493,758	\$1,362,035

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,441,586	\$1,063,272	\$378,314
Special Revenue	6,332,030	4,229,830	2,102,200
Capital Projects	5,967,110	3,664,771	2,302,339
Enterprise	5,725,585	4,533,550	1,192,035
Total	\$19,466,311	\$13,491,423	\$5,974,888

The Termination Benefits and Budget Stabilization Funds are legally budgeted as separate Special Revenue Funds; however, these funds are considered part of the General Fund for financial reporting purposes. The General Fund actual disbursements will be lower on the budgetary statement in the amount of \$60,800, and the Special Revenue actual disbursements will be higher on the budgetary statement in the amount of \$60,800 due to disbursements made from these funds.

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit accounts are as follows:

	2023
Demand deposits	\$87,402
Certificates of deposit	5,150,000
Other time deposits	2,795,991
Total deposit	8,033,393
STAR Ohio	478,607
Total deposits and investments	\$8,512,000

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

Village of Ottawa
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

Income Taxes

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 – Risk Management

Workers' Compensation

The Village participates in the Ohio Association of Public Treasurers' (OAPT) for worker's compensation (see Note 11). The intent of the group rating plan is to achieve the benefit of reduced premiums for the participants, foster safer working conditions, and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the group rating plan.

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

Village of Ottawa
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2023</u>
Cash and investments	\$43,996,442
Actuarial liabilities	\$19,743,401

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The majority of Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2023.

Social Security

Several of the Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Village of Ottawa
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Note 9 – Construction and Contractual Commitments

Vendor/Project	Contract Amount	Balance Outstanding 12/31/2023
Utility Services TRS System (Annual Tank Maintenance)	\$125,343	\$2,294
Peterson Construction Company WTP HAB Project	\$8,215,494	\$16,088
Statewide Ford Lincoln Mercury Police Cruiser	\$62,231	\$62,231
Rain Drop Products, LLC Splash Pad Extension	\$99,500	\$99,500
Scott Wagner Plumbing and Heating, Inc.	\$23,500	\$23,500

Village of Ottawa
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

Note 10 – Debt

Debt outstanding at December 31, 2023 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds 2014	\$405,000	2.390%
General Obligation Bonds 2021	742,000	1.110%
Promissory Note (Fire Truck)	46,869	3.000%
State Infrastructure Bank Loan (Williamstown Rd)	19,803	3.000%
State Infrastructure Bank Loan (Putnam Parkway)	27,367	3.000%
State Infrastructure Bank Loan (Villa Drive)	101,057	3.000%
OPWC Loan - Pohl Sewer	77,367	0.000%
OPWC Loan - Oak Street Pump Station	63,391	0.000%
OPWC Loan - W. Ottawa Pump Station	204,625	0.000%
OPWC Loan - S. Perry Pump Station	155,000	0.000%
OPWC Loan - Clearwell Bypass	85,000	0.000%
OPWC Loan - Lincoln, Jackson, and Buckeye Reconstruction	163,599	0.000%
OPWC Loan - Oak Street Reconstruction	32,329	0.000%
OWDA Loan #3790 (WTP Update)	44,123	3.000%
OWDA Loan #4380 (Pohl Water)	146,042	2.750%
OWDA Loan #4381 (Pohl Sewer)	104,995	2.750%
OWDA Loan #4570 (Water Tank Rehab)	95,122	2.840%
OWDA Loan #4783 (Bluffton Waterline)	437,641	2.750%
OWDA Loan #6065 (Waterline/Meters)	571,659	2.000%
OWDA Loan #6643 (Lime Sludge Lagoon)	9,916	2.000%
OWDA Loan #8402 (WWTP Headworks Screening)	2,517,353	1.000%
OWDA Loan #9503 (WTP Improvements HAB)	4,943,070	0.000%
Financed Purchase - Vacuum Truck	144,455	3.420%
Financed Purchase - Hydraulic Excavator	25,633	3.349%
Financed Purchase - Fire Engine and Equipment	507,491	2.974%
Financed Purchase - Rescue Truck	213,082	2.990%
Financed Purchase - Front Plow with Spreader	124,627	5.432%
Total	<u><u>\$12,008,616</u></u>	

General Obligation Bonds

Proceeds from the 2014 bonds were used for the purpose of advance refunding of general obligation 2005 bonds and for future roadway improvements. The 2014 advance refunding bonds were issued for a total of \$1,900,000. This advance refunding was undertaken to reduce total debt service payments over the next 11 years by \$69,398 and resulting in an economic gain of \$79,870.

Proceeds from the 2021 bonds were used for the purpose of advance refunding of general obligation 2011 bonds. The 2021 advance refunding bonds were issued for a total of \$1,233,000. This advance refunding was undertaken to reduce total debt service payments over the next 6 years resulting in a savings of \$75,660.

Promissory Note

The Promissory Note is through Premier Bank for the purchase of a new fire truck. This note will be repaid with monthly payments of \$5,306 over 10 years. The note will be repaid with income tax receipts.

Village of Ottawa
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

State Infrastructure Bank Loans

The State Infrastructure Bank loans were obtained through the Ohio Department of Transportation. These loans are for Williamstown Road, Putnam Parkway, and Villa Drive Road improvements. The loans will be repaid in semiannual installments over 8 years beginning in 2017. Income tax revenues are the dedicated source of repayment.

Ohio Public Works Commission Loans

The Ohio Public Works Commission (OPWC) loans relate to Pohl Road sewer extension, Oak Street pump station, West Ottawa pump station, South Perry pump station, clear well bypass for water treatment, Lincoln, Jackson, and Buckeye Streets reconstruction, and Oak Street reconstruction projects. The Pohl Road sewer extension loan will be repaid in semiannual installments of \$8,596 over 20 years. Sewer revenues are the dedicated source of repayment for this loan. The Oak Street Pump Station loan will be repaid in semiannual installments of \$2,881 over 20 years. Sewer revenues are the dedicated source of repayment for this loan. The West Ottawa pump station loan will be paid in semiannual installments of \$8,185 over 20 years. Sewer revenues are the dedicated source of repayment for this loan. The South Perry Street Pump Station loan will be repaid in semiannual payments of \$5,000 over 20 years. Sewer revenues are the dedicated source of repayment for this loan. The Clearwell Bypass loan will be paid in semiannual installments of \$2,500 over 20 years. Water revenues are the dedicated source of repayment for this loan. The Lincoln, Jackson and Buckeye Streets Reconstruction loan will be paid in semiannual installments of \$3,408 over 25 years. Income tax revenues are the dedicated source of repayment for this loan. The Oak Street Reconstruction loan will be repaid in semiannual installments of \$647 over 25 years. Income tax revenues are the dedicated source of repayment for this loan.

Ohio Water Development Authority Loans

Ohio Water Development Authority (OWDA) loan #3790 for the water treatment plant improvements relates to a water system expansion project that was necessary to meet upcoming Environmental Protection Agency requirements. The loan will be repaid in semiannual installments including interest, over 20 years. Water receipts secure this loan.

The purpose of the OWDA loan #4380 for the Pohl Road area water line extension was to service a recently annexed area. The loan will be repaid in semiannual installments over 20 years. This loan will be repaid with water receipts.

OWDA loan #4381 for the Pohl Road area sanitary sewer extension was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments over 20 years. This loan will be repaid with sewer receipts.

OWDA loan #4570 is for rehabilitation of two water storage tanks. The loan will be repaid in semiannual installments over 20 years. Water receipts secure this loan.

OWDA loan #4783 is for construction of a waterline to supply water to a neighboring village. The increased consumption is essential in stabilizing water rates for all users of the water system. This loan will be repaid in semiannual installments over 20 years, and will be repaid with water receipts.

OWDA loan #6065 is for waterline and meter replacement. The loan will be repaid in semiannual installments over 20 years, and will be repaid with water receipts.

OWDA loan #6643 is for a lime sludge project related to water treatment to address Environmental Protection Agency recommendations. This loan will be repaid in semiannual installments including interest, over 20 years. Water receipts secure the loan.

Village of Ottawa
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

OWDA loan #8402 is for construction of a headworks screening facility at the wastewater treatment plant. This loan will be repaid in semiannual installments including interest, over 30 years. Sewer receipts secure the loan.

OWDA loan #9503 is for construction of Water Treatment Plant Improvements mandated by EPA to address issues related to Harmful Alga Bloom (HAB). This project is not yet completed. When the loan is finalized, semiannual installment payments are estimated at \$89,388 over 30 years. Water receipts secure this loan.

Financed Purchases

The Village has entered into financed purchase agreements for the following vehicles and equipment where ownership of the underlying asset transfers to the Village by the end of the contract:

- Aquatech Model B-10-1450 Combination Vacuum Truck through Leasing 2, Inc. valued at \$407,385 and will be repaid in six annual installments of \$75,949 beginning in 2020.
- Caterpillar Hydraulic Excavator through Caterpillar Financial Services Corporation valued at \$80,366 and will be repaid with 60 monthly payments of \$1,466 beginning in July 2020.
- Spartan Custom Engine with Loose Equipment for Apparatus through Republic First National valued at \$695,073 and will be repaid with ten annual installments of \$81,376 beginning in July 2021.
- Spartan Custom Rescue Truck valued at \$258,947 through Republic First National and will be repaid in ten annual installments of \$30,348 beginning in March 2022.
- International HV507 Front Plow with Spreader valued at \$159,415 through Santander Bank and will be repaid in five annual installments of \$35,500 beginning in July 2023.

The Village disbursed \$207,485 to pay for these costs for the fiscal year ended December 31, 2023.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Financed Purchases	General Obligation Bonds	OPWC Loans	OWDA Loans	Bank Loan	SIB Loans
2024	\$240,760	\$461,916	\$62,435	\$441,968	\$47,757	\$90,492
2025	231,967	461,427	62,435	387,119		42,259
2026	147,223	254,797	62,435	387,119		21,130
2027	147,223		62,436	284,996		
2028	111,723		53,839	270,624		
2029-2033	253,794		226,213	811,984		
2034-2038			162,236	533,096		
2039-2043			55,549	533,096		
2044-2048			33,733	533,096		
2049-2050				213,239		
Total	\$1,132,690	\$1,178,140	\$781,311	\$4,396,337	\$47,757	\$153,881

Village of Ottawa
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

Note 11 – Public Entity Risk Pool

The Village participates in the Ohio Association of Public Treasurers' (OAPT) for workers compensation, which is administered by Sedgwick. OAPT's business and affairs are conducted by a Board of Directors with an Executive Committee handling matters between meetings of the Directors. Directors are elected at the annual meeting of members with each Director holding a term of three years. The current Board of Directors consists of nine Directors employed by villages and cities across Ohio. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 12 – Jointly Governed Organization

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collecting income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2023, the Village paid RITA \$82,792 for income tax collection services.

Note 13 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 14 – Interfund Transfers

During 2023, the Village transferred \$5,497 from the General Fund to Our Lord's Park Maintenance Special Revenue Fund.

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

Note 15 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$136,734	\$239,815	\$376,549

The fund balance of Special Revenue Funds is either restricted or committed. The fund balance of Capital Projects Funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the Special Revenue and Capital Projects Funds would include the outstanding encumbrances. In the General Fund, outstanding encumbrances are considered assigned.

Village of Ottawa
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

Note 16 – Miscellaneous Revenues

Miscellaneous receipts in the General Fund primarily consisted of donations, refunds, payments in lieu of taxes, and rental income.

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Ottawa
Putnam County
136 North Oak Street
Ottawa, Ohio 45875-1810

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2023 and the related notes to the financial statements of the Village of Ottawa, Putnam County, Ohio (the Village) and have issued our report thereon dated October 9, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

October 9, 2024



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2023

Finding Number	Finding Summary	Status	Additional Information
2022-001	Finding was first reported in 2021. Village of Ottawa's Charter Section 4.14 for not following competitive bidding requirements on a contract.	Fully corrected.	

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF OTTAWA

PUTNAM COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 10/22/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov