



**VILLAGE OF OTTAWA
PUTNAM COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF OTTAWA
TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1999	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary Fund Type – For the Year Ended December 31, 1999	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Ottawa, Putnam County, Ohio, (the Village) as of and for the year ended December 31, 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 1999, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2000 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 grants.

This report is intended solely for the information and use of the audit committee, management, Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

July 26, 2000

**VILLAGE OF OTTAWA
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$266,269	\$1,843,228			\$2,109,497
Special Assessments				\$7,045	7,045
Intergovernmental Receipts	207,229	101,794		71,469	380,492
Charges for Services	53,880				53,880
Fines, Licenses, and Permits	34,210	773			34,983
Earnings on Investments	219,613	11,527	\$1,291		232,431
Miscellaneous	9,027	105,480		8,108	122,615
Total Cash Receipts	<u>790,228</u>	<u>2,062,802</u>	<u>1,291</u>	<u>86,622</u>	<u>2,940,943</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	359,529	9,978			369,507
Public Health Services	1,800				1,800
Leisure Time Activities	108,393				108,393
Community Environment	12,011				12,011
Transportation	135	124,448			124,583
General Government	151,550	277,612		23,327	452,489
Debt Service		318,635			318,635
Capital Outlay	1,092	662,926		849,234	1,513,252
Total Cash Disbursements	<u>634,510</u>	<u>1,393,599</u>		<u>872,561</u>	<u>2,900,670</u>
Total Receipts Over/(Under) Disbursements	<u>155,718</u>	<u>669,203</u>	<u>1,291</u>	<u>(785,939)</u>	<u>40,273</u>
Other Financing Receipts/(Disbursements):					
Sale of Bonds or Notes				1,794,686	1,794,686
Transfers-In		59,325			59,325
Transfers-Out	(11,250)	(18,250)			(29,500)
Total Other Financing Receipts/(Disbursements)	<u>(11,250)</u>	<u>41,075</u>		<u>1,794,686</u>	<u>1,824,511</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	<u>144,468</u>	<u>710,278</u>	<u>1,291</u>	<u>1,008,747</u>	<u>1,864,784</u>
Fund Cash Balances, January 1	<u>906,005</u>	<u>2,892,723</u>		<u>92,806</u>	<u>3,891,534</u>
Fund Cash Balances, December 31	<u><u>\$1,050,473</u></u>	<u><u>\$3,603,001</u></u>	<u><u>\$1,291</u></u>	<u><u>\$1,101,553</u></u>	<u><u>\$5,756,318</u></u>
Reserves for Encumbrances, December 31	<u><u>\$63,902</u></u>	<u><u>\$525,468</u></u>		<u><u>\$108,669</u></u>	<u><u>\$698,039</u></u>

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

**VILLAGE OF OTTAWA
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$2,051,031
Miscellaneous	2,001
	2,053,032
Operating Cash Disbursements:	
Personal Services	483,422
Fringe Benefits	201,270
Contractual Services	273,895
Supplies and Materials	155,462
Capital Outlay	141,430
	1,255,479
Total Operating Cash Disbursements	1,255,479
Operating Income	797,553
Non-Operating Cash Receipts:	
Interest	6,171
Sale of Fixed Assets	1,895
Other Non-Operating Receipts	2,015
	10,081
Total Non-Operating Cash Receipts	10,081
Non-Operating Cash Disbursements:	
Debt Service	249,639
Excess of Receipts Over Disbursements Before Interfund Transfers	557,995
Transfers-Out	(29,825)
Net Receipts Over Disbursements	528,170
Fund Cash Balances, January 1	2,422,645
Fund Cash Balances, December 31	\$2,950,815
Reserve for Encumbrances, December 31	\$302,382

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

**VILLAGE OF OTTAWA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Ottawa, Putnam County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police and fire services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

VILLAGE OF OTTAWA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

Village Income Tax - This fund receives a 1% tax on gross wages of Village residents and people who work within the Village.

3. Debt Service Fund

This fund is used to accumulate resources for the payment of bond and note indebtedness.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Wastewater Treatment Plant Fund - This fund received proceeds of the Ohio Water Development Authority loan. The proceeds were used to construct a new wastewater treatment plant.

5. Enterprise Funds

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

Water Operating Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Operating Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

E. Budgetary Process

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

1. 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 Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**VILLAGE OF OTTAWA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

2. 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 also approve estimated resources.

3. Encumbrances

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

A summary of 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	1999
Demand deposits	\$36,389
Certificates of deposit	8,046,682
Total deposits	8,083,071
STAR Ohio	624,062
Total deposits and investments	\$8,707,133

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool

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

**VILLAGE OF OTTAWA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$686,960	\$790,228	\$103,268
Special Revenue	1,823,553	2,122,127	298,574
Debt Service		1,291	1,291
Capital Projects	1,084,234	1,881,308	797,074
Enterprise	1,779,400	2,063,113	283,713
Total	\$5,374,147	\$6,858,067	\$1,483,920

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,592,965	\$709,662	\$883,303
Special Revenue	4,638,421	1,937,317	2,701,104
Debt Service			
Capital Projects	1,971,259	981,230	990,029
Enterprise	3,968,318	1,837,325	2,130,993
Total	\$12,170,963	\$5,465,534	\$6,705,429

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

VILLAGE OF OTTAWA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$5,086,034	4.12%
Ohio Public Works Commission Loans	543,656	0.00%
General Obligation Bonds	255,000	5.34%
General Obligation Notes	1,065,000	4.35%
Mortgage Revenue Bonds	905,000	7.26%
Total	\$7,854,690	

The Ohio Water Development Authority (OWDA) loan relates to a wastewater treatment plant project that was mandated by the Ohio Environmental Protection Agency. The OWDA has approved up to \$6,700,000 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$215,984, including interest, over 20 years. The scheduled payment amount below assumes that \$5,850,467 will be borrowed. The scheduled payment will be adjusted to reflect any revisions in amounts actually borrowed. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

General Obligation Notes were issued in 1999 to pay for street improvements within the Village. The General Obligation Bonds relate to the 1992 improvements to the park. Mortgage revenue bonds relate to 1989 improvements to the municipal sewerage system.

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

Year ending December 31:	OWDA Loan	OPWC Loans	General Obligation Bonds	General Obligation Notes	Mortgage Revenue Bonds
2000	\$431,968	\$35,072	\$95,015	\$1,111,070	\$222,875
2001	431,968	35,072	95,415		221,250
2002	431,968	35,072	95,400		223,875
2003	431,968	35,072			225,375
2004	431,968	35,072			225,750
Subsequent	6,272,346	368,296			
Total	\$8,432,186	\$543,656	\$285,830	\$1,111,070	\$1,119,125

6. RETIREMENT SYSTEMS

The Village's law enforcement officers and firefighters belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

VILLAGE OF OTTAWA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Law Enforcement liability
- Vehicles
- Errors and omissions

The Village also provides health insurance, life insurance, and dental and vision coverage to full-time employees through a private carrier.

8. OUTSTANDING CONTRACTUAL COMMITMENTS

As of December 31, 1999, the Village had outstanding contractual commitments of \$191,578 for street and sidewalk repairs and sewer system improvements.

9. SUBSEQUENT EVENTS

The Village became a Charter Village on January 1, 2000. This changes the position of the Clerk/Treasurer, from an elected to an appointed position, but is expected to have little effect on the financial status of the Village.

In May 2000, Philips Display, the largest employer in the Village, announced the elimination of a significant number of jobs at their Ottawa plant over a three-year period. It is unknown at this time what the effect of this action will be on the Village's financial position.



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JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL 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 the accompanying financial statements of the Village of Ottawa, Putnam County, Ohio, (the Village) as of and for the year ended December 31, 1999, and have issued our report thereon dated July 26, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

July 26, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

VILLAGE OF OTTAWA

PUTNAM COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 24, 2000**