



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF OTTAWA HILLS
LUCAS COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Ottawa Hills
Lucas County
2125 Richards Road
Toledo, Ohio 43606-2599

To the Village Council:

We have audited the accompanying financial statements of the Village of Ottawa Hills, Lucas County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. 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 audits.

We conducted our audits 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 audits 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 audits provide 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 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 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

September 29, 2000

**VILLAGE OF OTTAWA HILLS
LUCAS COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$435,628			\$2,965,874	\$3,401,502
Intergovernmental Receipts	600,968	\$95,011		10,322	706,301
Special Assessments		69,288			69,288
Charges for Services	61,774				61,774
Fines, Licenses, and Permits	53,728	18,785			72,513
Earnings on Investments	421,224	17,551	\$174,260		613,035
Miscellaneous	6,369	2,190		68	8,627
Total Cash Receipts	<u>1,579,691</u>	<u>202,825</u>	<u>174,260</u>	<u>2,976,264</u>	<u>4,933,040</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	1,565,796	120,570	15,824	193,487	1,895,677
Public Health Services	35,442				35,442
Leisure Time Activities	145,631				145,631
Basic Utility Services	295,015	200,855			495,870
Transportation	339,861	155,814			495,675
General Government	403,007		24,582	67,740	495,329
Debt Service:					
Principal Payments			7,700,000		7,700,000
Interest Payments			233,763		233,763
Capital Outlay	104,984	100,250	2,155,905	4,109	2,365,248
Total Cash Disbursements	<u>2,889,736</u>	<u>577,489</u>	<u>10,130,074</u>	<u>265,336</u>	<u>13,862,635</u>
Total Receipts Over/(Under) Disbursements	<u>(1,310,045)</u>	<u>(374,664)</u>	<u>(9,955,814)</u>	<u>2,710,928</u>	<u>(8,929,595)</u>
Other Financing Receipts/(Disbursements):					
Sale of Bonds or Notes			7,709,756		7,709,756
Sale of Fixed Assets	44,067		36,900		80,967
Transfers-In	500,000	180,000	1,040,000	304,000	2,024,000
Transfers-Out			(540,000)	(1,484,000)	(2,024,000)
Other Financing Sources	93,558	10,095			103,653
Other Financing Uses	(76,079)			(76,664)	(152,743)
Total Other Financing Receipts/(Disbursements)	<u>561,546</u>	<u>190,095</u>	<u>8,246,656</u>	<u>(1,256,664)</u>	<u>7,741,633</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(748,499)	(184,569)	(1,709,158)	1,454,264	(1,187,962)
Fund Cash Balances, January 1	1,341,321	1,391,602	7,497,376	2,810,064	13,040,363
Fund Cash Balances, December 31	<u>\$592,822</u>	<u>\$1,207,033</u>	<u>\$5,788,218</u>	<u>\$4,264,328</u>	<u>\$11,852,401</u>
Reserves for Encumbrances, December 31	<u>\$108,700</u>	<u>\$48,094</u>	<u>\$98,867</u>	<u>\$6,666</u>	<u>\$262,327</u>

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

**VILLAGE OF OTTAWA HILLS
LUCAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$429,638			\$2,629,294	\$3,058,932
Intergovernmental Receipts	768,260	\$102,478		10,140	880,878
Special Assessments		71,314			71,314
Charges for Services	49,065				49,065
Fines, Licenses, and Permits	66,606	16,847			83,453
Earnings on Investments	584,705	24,363	\$156,166		765,234
Miscellaneous	5,158	2,384		1,698	9,240
Total Cash Receipts	<u>1,903,432</u>	<u>217,386</u>	<u>156,166</u>	<u>2,641,132</u>	<u>4,918,116</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	1,482,895	62,759	27,892	186,200	1,759,746
Public Health Services	35,047				35,047
Leisure Time Activities	120,754	54,244			174,998
Basic Utility Services	265,066	184,191			449,257
Transportation	288,737	141,445	1,197		431,379
General Government	389,657		4,080	84,288	478,025
Capital Outlay	66,821	102,629	1,569,815	3,308	1,742,573
Total Cash Disbursements	<u>2,648,977</u>	<u>545,268</u>	<u>1,602,984</u>	<u>273,796</u>	<u>5,071,025</u>
Total Receipts Over/(Under) Disbursements	<u>(745,545)</u>	<u>(327,882)</u>	<u>(1,446,818)</u>	<u>2,367,336</u>	<u>(152,909)</u>
Other Financing Receipts/(Disbursements):					
Sale of Bonds or Notes			4,500,059		4,500,059
Sale Of Fixed Assets	6,051				6,051
Transfers-In	600,000	649,200	3,522,530	130,000	4,901,730
Transfers-Out				(4,901,730)	(4,901,730)
Other Financing Sources	322,367	10,953			333,320
Other Financing Uses	(753,435)			(47,916)	(801,351)
Total Other Financing Receipts/(Disbursements)	<u>174,983</u>	<u>660,153</u>	<u>8,022,589</u>	<u>(4,819,646)</u>	<u>4,038,079</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(570,562)	332,271	6,575,771	(2,452,310)	3,885,170
Fund Cash Balances, January 1	<u>1,911,883</u>	<u>1,059,331</u>	<u>921,605</u>	<u>5,262,374</u>	<u>9,155,193</u>
Fund Cash Balances, December 31	<u>\$1,341,321</u>	<u>\$1,391,602</u>	<u>\$7,497,376</u>	<u>\$2,810,064</u>	<u>\$13,040,363</u>
Reserves for Encumbrances, December 31	<u>\$151,500</u>	<u>\$62,930</u>	<u>\$1,943,749</u>	<u>\$4,125</u>	<u>\$2,162,304</u>

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

**VILLAGE OF OTTAWA HILLS
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Ottawa Hills, Lucas 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 park operations (leisure time activities), 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, repurchase agreements, and U.S. Treasury Notes are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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:

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

**VILLAGE OF OTTAWA HILLS
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

Recycling Fund -This fund receives transfers from the Income Tax Fund for the recycling program in the Village.

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Village had the following significant capital project funds:

Financed/Capital Improvement Fund - This fund receives transfers from the Income Tax Fund for various capital expenditures.

Street Lighting Project Fund - This fund received proceeds from the sale of Bond Anticipation Notes for the improvement of streets and construction/installation of street lights.

4. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

Income Tax Fund - This fund receives income tax monies for the Village's use.

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 Village 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.

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.

**VILLAGE OF OTTAWA HILLS
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

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 and 1998 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:

	<u>1999</u>	<u>1998</u>
Cash on Hand	\$200	\$200
Demand deposits	24,287	128,309
Certificates of deposit	<u>3,913,506</u>	<u>4,234,670</u>
Total deposits	<u>3,937,993</u>	<u>4,363,179</u>
Treasury Notes	7,140,917	4,056,346
Repurchase Agreement	706,769	1,084
STAR Ohio	<u>66,722</u>	<u>4,619,754</u>
Total investments	<u>7,914,408</u>	<u>8,677,184</u>
Total deposits and investments	<u>\$11,852,401</u>	<u>\$13,040,363</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

Investments: U.S. Treasury Notes are held in book-entry form by the Federal Reserve, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities. Investments subject to repurchase agreements are held by the Village's financial institution, but not in the Village's name. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**VILLAGE OF OTTAWA HILLS
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,369,200	\$2,217,316	(\$151,884)
Special Revenue	388,600	392,920	4,320
Capital Projects	8,925,000	8,960,916	35,916
Fiduciary	3,058,000	3,280,264	222,264
Total	<u>\$14,740,800</u>	<u>\$14,851,416</u>	<u>\$110,616</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,365,813	\$3,074,515	\$291,298
Special Revenue	709,122	625,583	83,539
Capital Projects	11,002,869	10,768,941	233,928
Fiduciary	1,866,125	1,832,666	33,459
Total	<u>\$16,943,929</u>	<u>\$16,301,705</u>	<u>\$642,224</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,629,725	\$2,831,850	\$202,125
Special Revenue	545,200	877,539	332,339
Capital Projects	4,920,000	8,178,755	3,258,755
Fiduciary	2,783,400	2,771,132	(12,268)
Total	<u>\$10,878,325</u>	<u>\$14,659,276</u>	<u>\$3,780,951</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,008,818	\$3,553,912	\$454,906
Special Revenue	746,914	608,198	138,716
Capital Projects	4,985,341	3,546,733	1,438,608
Fiduciary	5,671,913	5,227,567	444,346
Total	<u>\$15,412,986</u>	<u>\$12,936,410</u>	<u>\$2,476,576</u>

**VILLAGE OF OTTAWA HILLS
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

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.

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.

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
General Obligation Bond Anticipation Notes	\$4,500,000	4.70%

The Village has issued General Obligation Bond Anticipation Notes, for the purpose of bridge and roadway repair/replacement, sidewalk and curb repair/replacement, and constructing and installing street lights with related facilities. The notes will be retired in semi-annual installments, including interest, over five years.

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

Year ending December 31:	General Obligation Notes
2000	\$193,875
2001	211,500
2002	211,500
2003	211,500
2004	4,711,500
Total	\$5,539,875

**VILLAGE OF OTTAWA HILLS
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

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.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of the law enforcement officers' wages and 24% of the firefighters' 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
- Wrongful Acts
- Law Enforcement
- Vehicles
- Errors and omissions
- Inland Marine
- Electronic Data Processing
- Boiler and Machinery

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



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Ottawa Hills
Lucas County
2125 Richards Road
Toledo, Ohio 43606-2599

To the Village Council:

We have audited the accompanying financial statements of the Village of Ottawa Hills, Lucas County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated September 29, 2000. We conducted our audits 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 audits 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 audits, 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

September 29, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF OTTAWA HILLS

LUCAS 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
NOVEMBER 14, 2000