

***VILLAGE OF OAK HARBOR***

**OTTAWA COUNTY, OHIO**

**AUDIT REPORT**

**For the Years Ended December 31, 2007 and 2006**

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





Mary Taylor, CPA  
Auditor of State

Village Council  
Village of Oak Harbor  
P.O. Box 232  
146 Church St.  
Oak Harbor 43449

We have reviewed the *Report of Independent Accountants* of the Village of Oak Harbor, Ottawa County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Oak Harbor is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

September 15, 2008

**This Page is Intentionally Left Blank.**

**VILLAGE OF OAK HARBOR**  
**OTTAWA COUNTY**  
**AUDIT REPORT**  
For the years ended December 31, 2007 and 2006

*Table of Contents*

<u>Title</u>	<u>Page</u>
Report of Independent Accountants.....	1-2
Management’s Discussion and Analysis.....	3-11
Basic Financial Statements:	
Government-wide Financial Statements - 2006	
Statement of Net Assets – Cash Basis.....	12
Statement of Activities – Cash Basis.....	13
Fund Financial Statements - 2006	
Statement of Cash Basis Assets and Fund Balances .....	14
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances .....	15
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balance – Budget and Actual – Budget Basis - General Fund.....	16
Statement of Fund Net Assets – Cash Basis – Proprietary Funds.....	17
Statement of Cash Receipts, Disbursements, and Changes in Fund Net Assets – Cash Basis – Proprietary Funds.....	18

**VILLAGE OF OAK HARBOR**  
**OTTAWA COUNTY**  
**AUDIT REPORT**  
For the years ended December 31, 2007 and 2006

Table of Contents

<u>Title</u>	<u>Page</u>
Basic Financial Statements: (continued)	
Government-wide Financial Statements - 2007:	
Statement of Net Assets – Cash Basis.....	19
Statement of Activities – Cash Basis.....	20
Fund Financial Statements - 2007:	
Statement of Cash Basis Assets and Fund Balances .....	21
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances .....	21
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balance – Budget and Actual – Budget Basis - General Fund.....	23
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balance – Budget and Actual – Budget Basis – Street Levy Fund .....	24
Statement of Fund Net Assets – Cash Basis – Proprietary Funds .....	25
Statement of Cash Receipts, Disbursements, and Changes in Fund Net Assets – Cash Basis – Proprietary Funds .....	26
Notes to the Basic Financial Statements .....	27-42
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Required by <i>Government Auditing Standards</i> .....	43
Status of Prior Audit’s Citations and Recommendations.....	45

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

---

**REPORT OF INDEPENDENT ACCOUNTANTS**

Village of Oak Harbor  
Ottawa County  
146 Church St.  
Oak Harbor, Ohio 43449

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Oak Harbor, Ottawa County, Ohio, (the Village), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. 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 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Oak Harbor, Ottawa County, Ohio, as of December 31, 2007 and 2006, and the respective changes in cash basis financial position and the respective budgetary comparisons for the General Fund and the Street Levy Fund for 2007 and the General Fund for 2006 thereof for the years then ended in conformity with accounting basis Note 2 describes.

The management's discussion and analysis not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally on inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2008 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, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

***Charles E. Harris & Associates, Inc.***

July 2, 2008



VILLAGE OF OAK HARBOR  
Ottawa County, Ohio  
Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
(unaudited)

---

The discussion and analysis of the Village of Oak Harbor's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2007 and 2006, within the limitations of the Village's cash basis of accounting. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Village's financial performance.

### **Financial Highlights**

Key financial highlights for 2007 and 2006 are as follows:

*Overall:*

- For governmental activities, net assets increased \$247,620 and \$194,655 in 2007 and 2006, respectively which represents a 21 and 20 percent increase from 2006 and 2005, respectively.
- In 2007, general receipts accounted for \$1,273,566 in revenue or 78 percent of all governmental receipts. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$354,183 or 22 percent of total governmental revenues of \$1,627,749. In 2006, general receipts accounted for \$1,320,441 in revenue or 79 percent of all governmental receipts. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$342,153 or 21 percent of total governmental revenues of \$1,662,594.
- In 2007, the Village had \$1,380,129 in expenses related to governmental activities; only \$354,183 of these expenses were offset by program specific charges for services, grants or contributions. General receipts (primarily municipal taxes) of \$1,273,566 were adequate to provide for these programs. In 2006, the Village had \$1,467,939 in expenses related to governmental activities; only \$342,153 of these expenses were offset by program specific charges for services, grants or contributions. General receipts (primarily municipal taxes) of \$1,320,441 were adequate to provide for these programs.
- In 2007, among major funds, the general fund had \$1,243,225 in revenues and \$1,073,135 in expenditures. The general fund's fund balance increased to \$873,068 from \$777,813. In 2006, among major funds, the general fund had \$1,352,544 in revenues and \$1,083,119 in expenditures. The general fund's fund balance increased to \$777,813 from \$576,450.
- In 2007, for Business-Type activities, program revenues were \$4,264,891. These offset expenses of \$4,293,828. In 2006, for Business-Type activities, program revenues were \$4,084,385. These offset expenses of \$3,605,973.

VILLAGE OF OAK HARBOR  
Ottawa County, Ohio  
Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
(unaudited)

---

### Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Village as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statement of Activities* provides information about the activities of the whole Village, presenting an aggregate view of the Village finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed. The fund financial statements also look at the Village's most significant funds with all other non-major funds presented in total in one column. In the case of the Village of Oak Harbor, the General Fund and Street Levy Fund by far are the most significant funds.

### Reporting the Village as a Whole

#### *Statement of Net Assets and the Statement of Activities*

The statement of net assets and the statement of activities reflect how the Village did financially during 2007 and 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activities. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These two statements report the Village's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the Village as a whole, the *financial position* of the Village has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Village's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the Village has two kind of activities:

- Governmental Activities - Most of the Village's programs and services are reported here including, general government, security of persons and property, public health services, leisure time activities, community environment, basic utility services, and transportation.
- Business-type activities – The Village has a number of business-type activities which are financed by fees charged to the customers receiving the services.

VILLAGE OF OAK HARBOR  
Ottawa County, Ohio  
Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
(unaudited)

---

## **Reporting the District's Most Significant Funds**

### *Fund Financial Statements*

The analysis of the Village's major funds is on page 10. Fund financial reports provide detailed information about the Village's major funds. The Village uses many funds to account for a multitude of financial transactions. However, these financial statements focus on the Village's most significant funds. The Village's major governmental funds are the General Fund and Street Levy Fund. The Village's major proprietary funds are the Water Fund, Sanitary Sewer Fund, Electric Fund, and Storm Drainage Fund.

**Governmental Funds** Most of the Village's activities are reported in governmental funds, which focus on how money flows into and out of those funds and balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting. The governmental fund statements provide a detailed view of the Village's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The relationship (or difference) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is essentially the same on a cash basis.

**Proprietary Funds** When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as enterprise funds. The proprietary funds for the Village consist exclusively of enterprise funds.

**Notes to the Basic Financial Statements** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

VILLAGE OF OAK HARBOR  
Ottawa County, Ohio  
Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
(unaudited)

---

**The Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2007 compared to 2006 on the cash basis:

**Table 1**

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Assets:</b>						
Cash and Investments	\$ 1,420,626	\$ 1,173,006	\$ 3,582,949	\$ 3,428,374	\$ 5,003,575	\$ 4,601,380
<i>Total Assets</i>	<u>1,420,626</u>	<u>1,173,006</u>	<u>3,582,949</u>	<u>3,428,374</u>	<u>5,003,575</u>	<u>4,601,380</u>
<b>Net Assets:</b>						
Restricted						
Capital Projects	129,001	96,589	-	-	129,001	96,589
Other Purposes	418,557	298,604	-	-	418,557	298,604
Unrestricted	<u>873,068</u>	<u>777,813</u>	<u>3,582,949</u>	<u>3,428,374</u>	<u>4,456,017</u>	<u>4,206,187</u>
<i>Total Net Assets</i>	<u>\$ 1,420,626</u>	<u>\$ 1,173,006</u>	<u>\$ 3,582,949</u>	<u>\$ 3,428,374</u>	<u>\$ 5,003,575</u>	<u>\$ 4,601,380</u>

VILLAGE OF OAK HARBOR  
Ottawa County, Ohio  
Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
(unaudited)

The tables below show the net changes in net assets for 2007 and 2006.

**Table 3**

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Receipts:</b>						
<b>Program Receipts:</b>						
Charges for Services and Sales	\$ 104,579	\$ 164,943	\$ 4,264,891	\$ 4,084,385	\$ 4,369,470	\$ 4,249,328
Operating Grants and Contributions	171,804	177,210	-	-	171,804	177,210
Capital Grants and Contributions	77,800	-	-	-	77,800	-
<b>General Receipts:</b>						
Property Taxes	257,117	243,659	-	-	257,117	243,659
Municipal Income Taxes	595,544	682,246	-	-	595,544	682,246
Intergovernmental	98,693	121,307	-	-	98,693	121,307
Special Assessments	4,513	-	-	-	4,513	-
Earnings on Investments	196,042	162,821	-	-	196,042	162,821
Proceeds of Loans	-	-	183,510	-	183,510	-
Miscellaneous	121,657	110,408	-	-	121,657	110,408
<b>Total Receipts</b>	<b>1,627,749</b>	<b>1,662,594</b>	<b>4,448,401</b>	<b>4,084,385</b>	<b>6,076,150</b>	<b>5,746,979</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Security of Persons and Property	573,618	586,523	-	-	573,618	586,523
Public Health Services	8,297	7,768	-	-	8,297	7,768
Leisure Time Activities	32,917	31,855	-	-	32,917	31,855
Community Environment	1,238	1,140	-	-	1,238	1,140
Transportation	350,141	302,941	-	-	350,141	302,941
General Government	205,041	240,165	-	-	205,041	240,165
Capital Outlay	199,042	291,264	-	-	199,042	291,264
Miscellaneous	9,835	6,283	-	-	9,835	6,283
Water	-	-	817,970	777,062	817,970	777,062
Sanitary Sewer	-	-	770,673	725,048	770,673	725,048
Electric	-	-	2,297,691	2,022,055	2,297,691	2,022,055
Storm Drainage	-	-	402,355	76,884	402,355	76,884
Utilities Deposit	-	-	5,139	4,924	5,139	4,924
<b>Total Disbursements</b>	<b>1,380,129</b>	<b>1,467,939</b>	<b>4,293,828</b>	<b>3,605,973</b>	<b>5,673,957</b>	<b>5,073,912</b>
<b>Changes in Net Assets</b>	<b>\$ 247,620</b>	<b>\$ 194,655</b>	<b>\$ 154,573</b>	<b>\$ 478,412</b>	<b>\$ 402,193</b>	<b>\$ 673,067</b>

VILLAGE OF OAK HARBOR  
Ottawa County, Ohio  
Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
(unaudited)

---

***Governmental Activities***

In 2007, net assets of the Village's governmental activities increased by \$247,620. The governmental expenses of \$1,380,129 were primarily offset by program revenues of \$354,183, general revenues of \$1,273,566 and the prior year cash balance. Program revenues supported 26% of the total governmental activities.

In 2007, the primary sources of revenue for governmental activities are derived from property taxes, and income taxes. These two revenue sources represent 67% of total general revenue.

In 2006, net assets of the Village's governmental activities increased by \$194,655. The governmental expenses of \$1,461,656 were primarily offset by program revenues of \$342,153, general revenues of \$1,314,158 and the prior year cash balance. Program revenues supported 23% of the total governmental activities.

In 2006, the primary sources of revenue for governmental activities are derived from property taxes, and income taxes. These two revenue sources represent 70% of total general revenue.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for 2007 and 2006. That is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlements.

VILLAGE OF OAK HARBOR  
Ottawa County, Ohio  
Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
(unaudited)

**Table 3**  
**Total and Cost of Program Services**

	<b>Governmental Activities</b>		<b>Business Type Activities</b>	
	<b>2007</b>		<b>2007</b>	
	<b>Total Cost of Service</b>	<b>Net Cost of Service</b>	<b>Total Cost of Service</b>	<b>Net Cost of Service</b>
Security of Persons and Property	\$ 573,618	\$ (572,442)	-	-
Public Health Services	8,297	(8,297)	-	-
Leisure Time Activities	32,917	(32,917)	-	-
Community Environment	1,238	(1,238)	-	-
Transportation	350,141	(178,337)	-	-
General Government	205,041	(101,638)	-	-
Capital Outlay	199,042	(121,242)	-	-
Miscellaneous	9,835	(9,835)	-	-
Water	-	-	\$ 817,970	\$ 59,724
Sanitary Sewer	-	-	770,673	(51,116)
Electric	-	-	2,297,691	209,837
Storm Drainage	-	-	402,355	(257,292)
Utilities Deposit	-	-	5,139	9,910
<b>Total Expenses</b>	<b>\$ 1,380,129</b>	<b>\$ (1,025,946)</b>	<b>\$ 4,293,828</b>	<b>\$ (28,937)</b>

  

	<b>Governmental Activities</b>		<b>Business Type Activities</b>	
	<b>2006</b>		<b>2006</b>	
	<b>Total Cost of Service</b>	<b>Net Cost of Service</b>	<b>Total Cost of Service</b>	<b>Net Cost of Service</b>
Security of Persons and Property	\$ 586,523	\$ (586,523)	-	-
Public Health Services	7,768	(7,768)	-	-
Leisure Time Activities	31,855	(31,855)	-	-
Community Environment	1,140	(1,140)	-	-
Transportation	302,941	(108,290)	-	-
General Government	240,165	(92,663)	-	-
Capital Outlay	291,264	(291,264)	-	-
Miscellaneous	6,283	(6,283)	-	-
Water	-	-	\$ 777,062	\$ 57,614
Sanitary Sewer	-	-	725,048	(31,671)
Electric	-	-	2,022,055	383,822
Storm Drainage	-	-	76,884	66,172
Utilities Deposit	-	-	4,924	2,475
<b>Total Expenses</b>	<b>\$ 1,467,939</b>	<b>\$ (1,125,786)</b>	<b>\$ 3,605,973</b>	<b>\$ 478,412</b>

VILLAGE OF OAK HARBOR  
Ottawa County, Ohio  
Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
(unaudited)

---

For 2007 and 2006, 26 and 23 percent of general government activities were supported through program revenues, respectively. For all governmental activities, general revenue and prior year cash balance support is all expenses as shown in the above table. The community, as a whole, is by far the primary support for the Village of Oak Harbor.

### **Business-type Activities**

The dependence upon program revenues is apparent as 100 percent of Business-Type activities are supported through these receipts for 2006, and 99 percent for 2007. The infrastructure is beginning to age but the Village has ongoing maintenance projects to upgrade the infrastructure.

### ***The Village's Funds***

Information about the Village's major funds is on pages 14-15 and 21-22. These funds are accounted for using the cash basis of accounting.

In 2007, all governmental funds had total revenues of \$1,627,558 and expenditures of \$1,370,294. The net change in fund balance for the year was most significant in the Street Levy Fund, where the fund's net assets increased by \$103,973 for 2007.

In 2006, all governmental funds had total revenues of \$1,662,594 and expenditures of \$1,461,656. The net change in fund balance for the year was most significant in the General Fund, where the fund's net assets increased by \$201,363 for 2006.

### ***General Fund Budgeting Highlights***

The Village's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of 2007 and 2006 the Village amended its General Fund budget numerous times. The Village uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

In 2007, for the General Fund, budget basis revenue was \$1,182,338 and did not change from the original budget. Total actual expenditures on the budget basis (cash outlays plus encumbrances) were \$1,115,615, \$127,610 under revenues.

In 2006, for the General Fund, budget basis revenue was \$1,117,487 and did not change from the original budget. Total actual expenditures on the budget basis (cash outlays plus encumbrances) were \$1,131,430, \$221,114 under revenues.



VILLAGE OF OAK HARBOR  
Ottawa County, Ohio  
Management's Discussion and Analysis  
For the Years Ended December 31, 2007 and 2006  
(unaudited)

---

**Debt Administration**

*Debt*

At December 31, 2007, the Village had \$1,600,788 in OWDA loans. These issues were used for improvements to the Village's water and sewer systems.

**Current Financial Related Activities**

The Village of Oak Harbor is strong financially. As the preceding information shows, the Village heavily depends on its property/income taxpayers. However, financially the future is not without challenges.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information contact Jenny M. Busche, Fiscal Officer at 146 Church Street, P.O. Box 232, Oak Harbor, Ohio 43449.

**Village of Oak Harbor, Ottawa County**

*Statement of Net Assets - Cash Basis*

*December 31, 2006*

---

---

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Equity in Pooled Cash and Investments	\$ 1,173,006	\$ 3,428,374	\$ 4,601,380
<i>Total Assets</i>	<u>\$ 1,173,006</u>	<u>\$ 3,428,374</u>	<u>\$ 4,601,380</u>
<b>Net Assets</b>			
Restricted for:			
Capital Projects	\$ 96,589	-	\$ 96,589
Other Purposes	298,604	-	298,604
Unrestricted	<u>777,813</u>	<u>\$ 3,428,374</u>	<u>4,206,187</u>
<i>Total Net Assets</i>	<u>\$ 1,173,006</u>	<u>\$ 3,428,374</u>	<u>\$ 4,601,380</u>

See accompanying notes to the financial statements

**Village of Oak Harbor, Ottawa County**  
*Statement of Activities - Cash Basis*  
For the Year Ended December 31, 2006

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>						
Security of Persons and Property	\$ 586,523	-	-	\$ (586,523)	-	\$ (586,523)
Public Health Services	7,768	-	-	(7,768)	-	(7,768)
Leisure Time Activities	31,855	-	-	(31,855)	-	(31,855)
Community Environment	1,140	-	-	(1,140)	-	(1,140)
Transportation	302,941	\$ 17,441	\$ 177,210	(108,290)	-	(108,290)
General Government	240,165	147,502	-	(92,663)	-	(92,663)
Capital Outlay	291,264	-	-	(291,264)	-	(291,264)
Miscellaneous	6,283	-	-	(6,283)	-	(6,283)
<i>Total Governmental Activities</i>	1,467,939	164,943	177,210	(1,125,786)	-	(1,125,786)
<b>Business Type Activities</b>						
Water	777,062	834,676	-	-	57,614	57,614
Sanitary Sewer	725,048	693,377	-	-	(31,671)	(31,671)
Electric	2,022,055	2,405,877	-	-	383,822	383,822
Storm Drainage	76,884	143,056	-	-	66,172	66,172
Utilities Deposit	4,924	7,399	-	-	2,475	2,475
<i>Total Business Type Activities</i>	3,605,973	4,084,385	-	-	478,412	478,412
<b>Total</b>	<b>\$ 5,073,912</b>	<b>\$ 4,249,328</b>	<b>\$ 177,210</b>	<b>\$ (1,125,786)</b>	<b>\$ 478,412</b>	<b>\$ (647,374)</b>
<b>General Receipts</b>						
Property Taxes Levied for:						
General Purposes				134,368	-	134,368
Special Purposes				109,291	-	109,291
Municipal Income Taxes				682,246	-	682,246
Intergovernmental Revenues				121,307	-	121,307
Earning on Investments				162,821	-	162,821
Miscellaneous				110,408	-	110,408
<i>Total General Receipts</i>				1,320,441	-	1,320,441
Change in Net Assets				194,655	478,412	673,067
<i>Net Assets Beginning of Year</i>				978,351	2,949,962	3,928,313
<i>Net Assets End of Year</i>				<u>\$ 1,173,006</u>	<u>\$ 3,428,374</u>	<u>\$ 4,601,380</u>

See accompanying notes to the financial statements

**Village of Oak Harbor, Ottawa County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2006*

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Equity in Pooled Cash and Investments	\$ 777,813	\$ 395,193	\$ 1,173,006
<i>Total Assets</i>	<u>\$ 777,813</u>	<u>\$ 395,193</u>	<u>\$ 1,173,006</u>
<b>Fund Balances</b>			
Reserved:			
Reserved for Encumbrances	\$ 48,311	\$ 24,013	\$ 72,324
Undesignated (Deficit), Reported in:			
General Fund	729,502	-	729,502
Special Revenue Funds	-	290,448	290,448
Capital Projects Funds	-	80,732	80,732
<i>Total Fund Balances</i>	<u>\$ 777,813</u>	<u>\$ 395,193</u>	<u>\$ 1,173,006</u>

See accompanying notes to the financial statements

**Village of Oak Harbor, Ottawa County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2006*

	General	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>			
Property and Other Local Taxes	\$ 134,368	\$ 109,291	\$ 243,659
Municipal Income Taxes	682,246	-	682,246
Intergovernmental Revenues	121,307	177,210	298,517
Special Assessments	509	5,299	5,808
Charges for Services	140,101	11,627	151,728
Fines, Licenses and Permits	6,892	515	7,407
Earning on Investments	157,043	5,778	162,821
Miscellaneous	110,078	330	110,408
<i>Total Receipts</i>	1,352,544	310,050	1,662,594
<b>Disbursements</b>			
Current:			
Security of Persons and Property	586,239	284	586,523
Public Health Services	7,768	-	7,768
Leisure Time Activities	31,855	-	31,855
Community Environment	1,140	-	1,140
Transportation	135,735	167,206	302,941
General Government	239,593	572	240,165
Capital Outlay	80,789	210,475	291,264
<i>Total Disbursements</i>	1,083,119	378,537	1,461,656
<i>Excess of Receipts Over (Under) Disbursements</i>	269,425	(68,487)	200,938
<b>Other Financing Sources (Uses)</b>			
Transfers In	119	62,000	62,119
Transfers Out	(62,000)	(119)	(62,119)
Other Financing Uses	(6,181)	(102)	(6,283)
<i>Total Other Financing Sources (Uses)</i>	(68,062)	61,779	(6,283)
<i>Net Change in Fund Balances</i>	201,363	(6,708)	194,655
Fund Balances Beginning of Year	576,450	401,901	978,351
Fund Balances End of Year	\$ 777,813	\$ 395,193	\$ 1,173,006

See accompanying notes to the financial statements

**Village of Oak Harbor, Ottawa County**  
*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
General Fund  
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 111,016	\$ 111,016	\$ 134,368	\$ 23,352
Municipal Income Taxes	563,679	563,679	682,246	118,567
Intergovernmental	100,225	100,225	121,307	21,082
Special Assessments	421	421	509	88
Charges for Services	115,753	115,753	140,101	24,348
Fines, Licenses and Permits	5,694	5,694	6,892	1,198
Earnings on Investments	129,751	129,751	157,043	27,292
Miscellaneous	90,948	90,948	110,078	19,130
<i>Total receipts</i>	<u>1,117,487</u>	<u>1,117,487</u>	<u>1,352,544</u>	<u>235,057</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	695,984	695,984	634,550	61,434
Public Health Services	7,768	7,768	7,768	-
Leisure Time Activities	53,716	53,716	31,855	21,861
Community Environment	3,647	3,647	1,140	2,507
Transportation	255,098	255,098	135,735	119,363
General Government	415,021	415,021	239,593	175,428
Capital Outlay	178,315	178,315	80,789	97,526
<i>Total Disbursements</i>	<u>1,609,549</u>	<u>1,609,549</u>	<u>1,131,430</u>	<u>478,119</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(492,062)	(492,062)	221,114	125,130
<b>Other Financing Sources (Uses)</b>				
Transfers In	119	119	119	-
Transfers Out	(62,000)	(62,000)	(62,000)	-
Other Financing Uses	(6,181)	(6,181)	(6,181)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(68,062)</u>	<u>(68,062)</u>	<u>(68,062)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(560,124)	(560,124)	153,052	125,130
<i>Fund Balance Beginning of Year</i>	491,943	491,943	491,943	-
Prior Year Encumbrances Appropriated	84,507	84,507	84,507	-
<i>Fund Balance End of Year</i>	<u>\$ 16,326</u>	<u>\$ 16,326</u>	<u>\$ 729,502</u>	<u>\$ 125,130</u>

See accompanying notes to the financial statements

**Village of Oak Harbor, Ottawa County**  
*Statement of Fund Net Assets - Cash Basis*  
*Proprietary Funds*  
*December 31, 2006*

	Business-Type Activities					Total Enterprise Funds
	Water	Sanitary Sewer	Electric	Storm Drainage	Utilities Deposit	
<b>Assets</b>						
Equity in Pooled Cash and Investments	\$ 342,066	\$ 594,826	\$ 1,936,798	\$ 526,574	\$ 28,110	\$ 3,428,374
<i>Total Assets</i>	<u>\$ 342,066</u>	<u>\$ 594,826</u>	<u>\$ 1,936,798</u>	<u>\$ 526,574</u>	<u>\$ 28,110</u>	<u>\$ 3,428,374</u>
<b>Net Assets</b>						
Unrestricted	<u>\$ 342,066</u>	<u>\$ 594,826</u>	<u>\$ 1,936,798</u>	<u>\$ 526,574</u>	<u>\$ 28,110</u>	<u>\$ 3,428,374</u>

See accompanying notes to the financial statements

**Village of Oak Harbor, Ottawa County**  
*Statement of Cash Receipts,  
Disbursements and Changes in Fund Net Assets - Cash Basis  
Proprietary Funds  
For the Year Ended December 31, 2006*

	Business-Type Activities					Total Enterprise Funds
	Water	Sanitary Sewer	Electric	Storm Drainage	Utilities Deposit	
<b>Operating Receipts</b>						
Charges for Services	\$ 834,676	\$ 693,377	\$ 2,405,877	\$ 143,056	\$ 7,399	\$ 4,084,385
<i>Total Operating Receipts</i>	834,676	693,377	2,405,877	143,056	7,399	4,084,385
<b>Operating Disbursements</b>						
Personal Services	286,157	262,558	271,217	-	-	819,932
Travel Transportation	137	34	124	-	-	295
Contractual Services	454,928	224,377	1,701,680	-	-	2,380,985
Supplies and Materials	22,150	39,518	22,190	-	-	83,858
Capital Outlay	13,491	47,133	26,695	31,879	-	119,198
<i>Total Operating Disbursements</i>	776,863	573,620	2,021,906	31,879	-	3,404,268
<i>Operating Income (Loss)</i>	57,813	119,757	383,971	111,177	7,399	680,117
<b>Non-Operating Receipts/Disbursements</b>						
Debt Service						
Principal	-	(72,449)	-	(23,425)	-	(95,874)
Interest	-	(78,830)	-	(21,580)	-	(100,410)
Other Non-Operating Disbursements	(199)	(149)	(149)	-	(4,924)	(5,421)
<i>Total Non-Operating Receipts/Disbursements</i>	(199)	(151,428)	(149)	(45,005)	(4,924)	(201,705)
<i>Change in Net Assets</i>	57,614	(31,671)	383,822	66,172	2,475	478,412
<i>Net Assets Beginning of Year</i>	284,452	626,497	1,552,976	460,402	25,635	2,949,962
<i>Net Assets End of Year</i>	\$ 342,066	\$ 594,826	\$ 1,936,798	\$ 526,574	\$ 28,110	\$ 3,428,374

See accompanying notes to the financial statements



**Village of Oak Harbor, Ottawa County**

*Statement of Net Assets - Cash Basis*

*December 31, 2007*

---

---

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Equity in Pooled Cash and Investments	<u>\$ 1,420,626</u>	<u>\$ 3,582,947</u>	<u>\$ 5,003,573</u>
<i>Total Assets</i>	<u><u>\$ 1,420,626</u></u>	<u><u>\$ 3,582,947</u></u>	<u><u>\$ 5,003,573</u></u>
<b>Net Assets</b>			
Restricted for:			
Capital Projects	\$ 129,001	-	\$ 129,001
Other Purposes	418,557	-	418,557
Unrestricted	<u>873,068</u>	<u>\$ 3,582,947</u>	<u>4,456,015</u>
<i>Total Net Assets</i>	<u><u>\$ 1,420,626</u></u>	<u><u>\$ 3,582,947</u></u>	<u><u>\$ 5,003,573</u></u>

See accompanying notes to the financial statements

**Village of Oak Harbor, Ottawa County**  
*Statement of Activities - Cash Basis*  
For the Year Ended December 31, 2007

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Security of Persons and Property	\$ 573,618	\$ 1,176	-	-	\$ (572,442)	-	\$ (572,442)
Public Health Services	8,297	-	-	-	(8,297)	-	(8,297)
Leisure Time Activities	32,917	-	-	-	(32,917)	-	(32,917)
Community Environment	1,238	-	-	-	(1,238)	-	(1,238)
Transportation	350,141	-	\$ 171,804	-	(178,337)	-	(178,337)
General Government	205,041	103,403	-	-	(101,638)	-	(101,638)
Capital Outlay	199,042	-	-	\$ 77,800	(121,242)	-	(121,242)
Miscellaneous	9,835	-	-	-	(9,835)	-	(9,835)
<i>Total Governmental Activities</i>	<u>1,380,129</u>	<u>104,579</u>	<u>171,804</u>	<u>77,800</u>	<u>(1,025,946)</u>	<u>-</u>	<u>(1,025,946)</u>
<b>Business Type Activity</b>							
Water	817,970	877,694	-	-	-	59,724	59,724
Sanitary Sewer	770,673	719,557	-	-	-	(51,116)	(51,116)
Electric	2,297,691	2,507,528	-	-	-	209,837	209,837
Storm Drainage	402,355	145,063	-	-	-	(257,292)	(257,292)
Utilities Deposit	5,139	15,049	-	-	-	9,910	9,910
<i>Total Business Type Activities</i>	<u>4,293,828</u>	<u>4,264,891</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,937)</u>	<u>(28,937)</u>
<b>Total</b>	<u>\$ 5,673,957</u>	<u>\$ 4,369,470</u>	<u>\$ 171,804</u>	<u>\$ 77,800</u>	<u>\$ (1,025,946)</u>	<u>\$ (28,937)</u>	<u>\$ (1,054,883)</u>
<b>General Receipts</b>							
Property Taxes Levied for:							
General Purposes					147,943	-	147,943
Special Purposes					109,174	-	109,174
Municipal Income Taxes					595,544	-	595,544
Intergovernmental Revenues					98,693	-	98,693
Special Assessments					4,513	-	4,513
Earnings on Investments					196,042	-	196,042
Proceeds of Loans					-	183,510	183,510
Miscellaneous					121,657	-	121,657
<i>Total General Receipts</i>					<u>1,273,566</u>	<u>183,510</u>	<u>1,457,076</u>
Change in Net Assets					247,620	154,573	402,193
<i>Net Assets Beginning of Year</i>					<u>1,173,006</u>	<u>3,428,374</u>	<u>4,601,380</u>
<i>Net Assets End of Year</i>					<u>\$ 1,420,626</u>	<u>\$ 3,582,947</u>	<u>\$ 5,003,573</u>

See accompanying notes to the financial statements

**Village of Oak Harbor, Ottawa County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2007*

	<u>General</u>	<u>Street Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Investments	\$ 873,068	\$ 273,828	\$ 273,730	\$ 1,420,626
<i>Total Assets</i>	<u>\$ 873,068</u>	<u>\$ 273,828</u>	<u>\$ 273,730</u>	<u>\$ 1,420,626</u>
<b>Fund Balances</b>				
Reserved:				
Reserved for Encumbrances	\$ 42,480	-	\$ 54,455	\$ 96,935
Undesignated (Deficit), Reported in:				
General Fund	830,588	-	-	830,588
Special Revenue Funds	-	\$ 273,828	133,697	407,525
Capital Projects Funds	-	-	85,578	85,578
<i>Total Fund Balances</i>	<u>\$ 873,068</u>	<u>\$ 273,828</u>	<u>\$ 273,730</u>	<u>\$ 1,420,626</u>

See accompanying notes to the financial statements

**Village of Oak Harbor, Ottawa County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2007*

	General	Street Levy	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property and Other Local Taxes	\$ 147,943	\$ 109,174	-	\$ 257,117
Municipal Income Taxes	595,544	-	-	595,544
Intergovernmental Revenues	98,693	10,501	\$ 239,103	348,297
Special Assessments	539	4,513	-	5,052
Charges for Services	94,603	-	-	94,603
Fines, Licenses and Permits	8,261	-	1,176	9,437
Earning on Investments	187,378	-	8,664	196,042
Miscellaneous	110,264	-	11,202	121,466
<i>Total Receipts</i>	1,243,225	124,188	260,145	1,627,558
<b>Disbursements</b>				
Current:				
Security of Persons and Property	573,061	-	557	573,618
Public Health Services	8,297	-	-	8,297
Leisure Time Activities	32,917	-	-	32,917
Community Environment	1,238	-	-	1,238
Transportation	189,180	2,262	158,699	350,141
General Government	204,588	-	453	205,041
Capital Outlay	63,854	17,953	117,235	199,042
<i>Total Disbursements</i>	1,073,135	20,215	276,944	1,370,294
<i>Excess of Receipts Over (Under) Disbursements</i>	170,090	103,973	(16,799)	257,264
<b>Other Financing Sources (Uses)</b>				
Transfers-In	-	-	65,000	65,000
Advances-In	75,000	-	75,000	150,000
Transfers-Out	(65,000)	-	-	(65,000)
Advances-Out	(75,000)	-	(75,000)	(150,000)
Other Financing Sources	-	-	191	191
Other Financing Uses	(9,835)	-	-	(9,835)
<i>Total Other Financing Sources (Uses)</i>	(74,835)	-	65,191	(9,644)
<i>Net Change in Fund Balances</i>	95,255	103,973	48,392	247,620
Fund Balances Beginning of Year	777,813	169,855	225,338	1,173,006
Fund Balances End of Year	\$ 873,068	\$ 273,828	\$ 273,730	\$ 1,420,626

See accompanying notes to the financial statements

**Village of Oak Harbor, Ottawa County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 140,697	\$ 140,697	\$ 147,943	\$ 7,246
Municipal Income Taxes	566,377	566,377	595,544	29,167
Intergovernmental	93,860	93,860	98,693	4,833
Special Assessments	513	513	539	26
Charges for Services	89,970	89,970	94,603	4,633
Fines, Licenses and Permits	7,856	7,856	8,261	405
Earnings on Investments	178,201	178,201	187,378	9,177
Miscellaneous	104,864	104,864	110,264	5,400
<i>Total receipts</i>	1,182,338	1,182,338	1,243,225	60,887
<b>Disbursements</b>				
Current:				
Security of Persons and Property	\$ 761,892	\$ 761,892	\$ 615,541	\$ 146,351
Public Health Services	8,297	8,297	8,297	-
Leisure Time Activities	58,878	58,878	32,917	25,961
Community Environment	7,342	7,342	1,238	6,104
Transportation	300,593	300,593	189,180	111,413
General Government	448,710	448,710	204,588	244,122
Capital Outlay	232,454	232,454	63,854	168,600
<i>Total Disbursements</i>	1,818,166	1,818,166	1,115,615	702,551
<i>Excess of Receipts Over (Under) Disbursements</i>	(635,828)	(635,828)	127,610	763,438
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(65,000)	(65,000)	(65,000)	-
Advances In	71,327	71,327	75,000	3,673
Advances Out	(100,000)	(100,000)	(75,000)	25,000
Other Financing Uses	-	-	(9,835)	(9,835)
<i>Total Other Financing Sources (Uses)</i>	(93,673)	(93,673)	(74,835)	18,838
<i>Net Change in Fund Balance</i>	(729,501)	(729,501)	52,775	782,276
<i>Fund Balance Beginning of Year</i>	729,502	729,502	729,502	-
Prior Year Encumbrances Appropriated	48,311	48,311	48,311	-
<i>Fund Balance End of Year</i>	<u>\$ 48,312</u>	<u>\$ 48,312</u>	<u>\$ 830,588</u>	<u>\$ 782,276</u>

See accompanying notes to the financial statements

**Village of Oak Harbor, Ottawa County**  
*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Special Revenue - Street Levy Fund  
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 113,493	\$ 113,493	\$ 109,174	\$ (4,319)
Intergovernmental	10,916	10,916	10,501	(415)
Special Assessments	4,692	4,692	4,513	(179)
<i>Total receipts</i>	<u>129,101</u>	<u>129,101</u>	<u>124,188</u>	<u>(4,913)</u>
<b>Disbursements</b>				
Current:				
Transportation	\$ 55,225	\$ 55,225	\$ 2,262	\$ 52,963
Capital Outlay	238,965	238,965	17,953	221,012
<i>Total Disbursements</i>	<u>294,190</u>	<u>294,190</u>	<u>20,215</u>	<u>273,975</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(165,089)	(165,089)	103,973	269,062
<i>Fund Balance Beginning of Year</i>	<u>169,855</u>	<u>169,855</u>	<u>169,855</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 4,766</u>	<u>\$ 4,766</u>	<u>\$ 273,828</u>	<u>\$ 269,062</u>

See accompanying notes to the financial statements

**Village of Oak Harbor, Ottawa County**  
*Statement of Fund Net Assets - Cash Basis*  
*Proprietary Funds*  
*December 31, 2007*

	Business-Type Activities					Total Enterprise Funds
	Water	Sanitary Sewer	Electric	Storm Drainage	Utilities Deposit	
<b>Assets</b>						
Equity in Pooled Cash and Investments	\$ 401,790	\$ 727,220	\$ 2,146,635	\$ 269,282	\$ 38,020	\$ 3,582,947
<i>Total Assets</i>	<u>\$ 401,790</u>	<u>\$ 727,220</u>	<u>\$ 2,146,635</u>	<u>\$ 269,282</u>	<u>\$ 38,020</u>	<u>\$ 3,582,947</u>
<b>Net Assets</b>						
Unrestricted	<u>\$ 401,790</u>	<u>\$ 727,220</u>	<u>\$ 2,146,635</u>	<u>\$ 269,282</u>	<u>\$ 38,020</u>	<u>\$ 3,582,947</u>

See accompanying notes to the financial statements

**Village of Oak Harbor, Ottawa County**  
*Statement of Cash Receipts,  
Disbursements and Changes in Fund Net Assets - Cash Basis  
Proprietary Funds  
For the Year Ended December 31, 2007*

	Business-Type Activities					Total Enterprise Funds
	Water	Sanitary Sewer	Electric	Storm Drainage	Utilities Deposit	
<b>Operating Receipts</b>						
Charges for Services	\$ 864,393	\$ 708,227	\$ 2,320,545	\$ 144,963	\$ 15,049	\$ 4,053,177
Miscellaneous	13,301	11,330	186,983	100	-	211,714
<i>Total Operating Receipts</i>	<u>877,694</u>	<u>719,557</u>	<u>2,507,528</u>	<u>145,063</u>	<u>15,049</u>	<u>4,264,891</u>
<b>Operating Disbursements</b>						
Personal Services	272,586	298,396	303,304	-	-	874,286
Travel Transportation	-	-	1,111	-	-	1,111
Contractual Services	475,042	193,092	1,610,535	22,653	-	2,301,322
Materials and Supplies	36,265	43,095	33,114	-	-	112,474
Capital Outlay	33,800	84,632	349,627	334,578	-	802,637
<i>Total Operating Disbursements</i>	<u>817,693</u>	<u>619,215</u>	<u>2,297,691</u>	<u>357,231</u>	<u>-</u>	<u>4,091,830</u>
<i>Operating Income (Loss)</i>	60,001	100,342	209,837	(212,168)	15,049	173,061
<b>Non-Operating Receipts/Disbursements</b>						
Proceeds of Loans	-	183,510	-	-	-	183,510
Debt Service						
Principal	-	(77,191)	-	(25,184)	-	(102,375)
Interest	-	(74,267)	-	(19,940)	-	(94,207)
Other Non-Operating Disbursements	(277)	-	-	-	(5,139)	(5,416)
<i>Total Non-Operating Receipts/Disbursements</i>	<u>(277)</u>	<u>32,052</u>	<u>-</u>	<u>(45,124)</u>	<u>(5,139)</u>	<u>(18,488)</u>
<i>Change in Net Assets</i>	59,724	132,394	209,837	(257,292)	9,910	154,573
<i>Net Assets Beginning of Year</i>	<u>342,066</u>	<u>594,826</u>	<u>1,936,798</u>	<u>526,574</u>	<u>28,110</u>	<u>3,428,374</u>
<i>Net Assets End of Year</i>	<u>\$ 401,790</u>	<u>\$ 727,220</u>	<u>\$ 2,146,635</u>	<u>\$ 269,282</u>	<u>\$ 38,020</u>	<u>\$ 3,582,947</u>

See accompanying notes to the financial statements



VILLAGE OF OAK HARBOR  
Ottawa County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2007 and 2006

---

**Note 1 – Reporting Entity**

The Village of Oak Harbor, Ottawa 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. The Village operates under a council/mayor form of government. Elected officials include six council members, a clerk/treasurer, and a mayor. The Village provides general government services, including maintenance of Village streets, police, sewer, water, utilities, and park operations.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police services.

**B. Component Units**

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village does not have any component units.

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**

As discussed further in Note 2 C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its governmental activities, business-type activities or to its enterprise funds. Following are the more significant of the Village's accounting policies.

VILLAGE OF OAK HARBOR  
Ottawa County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2007 and 2006

---

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The Village uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental and proprietary.

VILLAGE OF OAK HARBOR  
Ottawa County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2007 and 2006

---

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are the General Fund and Street Levy Fund. The General Fund is used to account for all financial resources, except those required to be accounted for 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. The Street Levy Fund is used to record the collection of property tax levies designated for construction and repair of Village streets. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as enterprise.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are as follows:

Water Fund - The water fund accounts for the provision of water to the residents and commercial users located within the Village.

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

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

Storm Drainage Fund - This fund is used to record fees for maintenance and improvement of storm sewers within the Village.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

VILLAGE OF OAK HARBOR  
Ottawa County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2007 and 2006

---

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriation ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriation were passed by the Village Council.

The appropriation ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Cash and cash equivalents that are held separately in accounts at a financial institution for retainage and bond reserves and debt service are reported as "Cash and Cash Equivalents with Fiscal Agents."

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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 negative receipts (contra revenue), respectively.

During 2007 and 2006, the Village invested in nonnegotiable certificates of deposit and repurchase agreements. The nonnegotiable certificates of deposit are reported at cost.

VILLAGE OF OAK HARBOR  
Ottawa County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2007 and 2006

---

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 and 2006 were \$187,378 and \$157,043.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village had no restricted assets.

G. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Village's cash basis financial statements report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid. The Village had no such transactions in 2007 or 2006.

VILLAGE OF OAK HARBOR  
Ottawa County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2007 and 2006

---

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

O. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and Street Levy Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The Village had outstanding encumbrances of \$42,480 in 2007 and \$48,311 in 2006 in the General Fund.

**Note 4 – Change in Basis of Accounting**

Last year the Village reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Village has implemented the cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

VILLAGE OF OAK HARBOR  
Ottawa County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2007 and 2006

---

**Note 5 – Deposits and Investments**

State statutes classify monies held by the Village into three categories.

Active deposits are public deposits necessary to meet current demands on the Village treasury. Such monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Village has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

VILLAGE OF OAK HARBOR  
Ottawa County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2007 and 2006

---

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Custodial credit risk for deposits is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2006, \$4,467,280 of the Village's bank balance of \$4,667,280 which includes \$3,291,000 of non-negotiable certificates of deposit was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name. At December 31, 2007, \$4,857,161 of the Village's bank balance of \$5,057,161 which includes \$3,391,000 of non-negotiable certificates of deposit was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Village's investment policy addresses interest rate risk by requiring that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

The Village had no investments at either year-end.

**Note 6 – Income Taxes**

The Village levies a municipal income tax of 1 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 the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village's Income Tax Department. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.



VILLAGE OF OAK HARBOR  
Ottawa County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2007 and 2006

---

**Note 7 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2007 and 2006 represent the collection of 2006 and 2005 taxes. Real property taxes received in 2007 and 2006 were levied after October 1, 2006 and 2005, on the assessed values as of January 1, 2006 and 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 and 2006 represent the collection of 2006 and 2005 taxes, respectively. Public utility real and tangible personal property taxes received in 2007 and 2006 became a lien on December 31, 2006 and 2005, were levied after October 1, 2006 and 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 and 2006 (other than public utility property) represent the collection of 2006 and 2005 taxes, respectively. Tangible personal property taxes received in 2007 and 2006 were levied after October 1, 2006 and 2005, on the true value as of December 31, 2006 and 2005, respectively. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible property taxes are being phased out over a three year period.

The full tax rate for all Village operations for the year ended December 31, 2007 and 2006, was \$7.50 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 and 2006 property tax receipts were based are as follows:

2007	
<b>Real Property</b>	
Residential and Agricultural	\$ 40,322,400
Other	6,463,550
<b>Tangible Personal Property</b>	
General	501,230
Public Utility	353,119
<b>Total Assessed Value</b>	<b>\$ 47,640,299</b>

2006	
<b>Real Property</b>	
Residential and Agricultural	\$ 39,950,120
Other	6,558,410
<b>Tangible Personal Property</b>	
General	1,555,035
Public Utility	818,340
<b>Total Assessed Value</b>	<b>\$ 48,881,905</b>

VILLAGE OF OAK HARBOR  
Ottawa County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2007 and 2006

---

**Note 8 – Risk Management**

The Village of Oak Harbor has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Public Officials Liability
- Law Enforcement Liability

Settled Claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

All employees of the Village are covered by a blanket bond, while certain individuals in policy making roles are covered by a separate, higher limit bond coverage.

The Village pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

**Note 9 – Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2007 and 2006, the members of all three plans were required to contribute 9.5 and 9.0 percent of their annual covered salaries, respectively. The Village's contribution rate for pension benefits for 2007 and 2006 was 13.85 and 13.70 percent, respectively. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$145,245, \$128,445, and \$133,101, respectively. The full amount has been contributed for 2007, 2006 and 2005.

VILLAGE OF OAK HARBOR  
Ottawa County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2007 and 2006

---

**B. Ohio Police and Fire Pension Fund**

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Village is required to contribute 19.5 percent for police officers. Contributions are authorized by State statute. The Village's required contributions to the Fund for the years ended December 31, 2007, 2006, and 2005 were \$41,190, \$39,378, and \$38,967. The full amount has been contributed for 2007, 2006 and 2005.

**Note 10 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 and 2006 local government employer contribution rate was 13.85 and 13.70 percent of covered payroll, respectively; 5 percent for 1/1/07 to 6/30/07, 6 percent for 7/1/07 to 12/31/07, and 4 percent for 2006 of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 5.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 374,979 in 2007 and 369,214 in 2006. Actual employer contributions for 2007 and 2006 which were used to fund postemployment benefits were \$57,679 and \$51,007, respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

VILLAGE OF OAK HARBOR  
 Ottawa County, Ohio  
 Notes to the Financial Statements  
 For the Year Ended December 31, 2007 and 2006

---

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

**B. Ohio Police and Fire Pension Fund**

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

The total police employer contribution rate is 19.5 percent of covered payroll, the total firefighter contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2006 and 2007. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Village's actual contributions that were used to fund postemployment benefits were \$37,732 in 2007 and \$45,129 in 2006 for police. The OP&F's total health care expense for the year ended December 31, 2006 (the latest information available) was \$108,039,449, which was net of member contributions of \$55,271,881. The number of OP&F participants eligible to receive health care benefits as of December 31, 2006, was 13,922 for police and 10,537 for firefighters.

**Note 11 – Debt**

The Village's long-term debt activity for the years ended December 31, 2007 and 2006 were as follows:

	<u>Interest Rates</u>	<u>Balance at 1/1/2007</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at 12/31/2007</u>
O.W.D.A. Loans	0%	\$ 1,519,653	\$ 183,510	\$ 102,375	\$ 1,600,788
	<u>Interest Rates</u>	<u>Balance at 1/1/2006</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at 12/31/2006</u>
O.W.D.A. Loans	0%	\$ 1,615,527	\$ -	\$ 95,874	\$ 1,519,653

VILLAGE OF OAK HARBOR  
Ottawa County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2007 and 2006

---

**NOTE 12 - Interfund Transactions**

The following is a reconciliation of the Village's operating transfers for 2007 and 2006:

2007		
Fund	Transfers In	Transfers Out
General	\$ -	\$ 65,000
Tree	5,000	-
Capital Improvement	60,000	-
<b>Total</b>	<b>\$ 65,000</b>	<b>\$ 65,000</b>

2006		
Fund	Transfers In	Transfers Out
General	\$ 119	\$ 62,000
Tree	2,000	-
Unclaimed Warrant	-	119
Capital Improvement	60,000	-
<b>Total</b>	<b>\$ 62,119</b>	<b>\$ 62,119</b>

Transfers were in accordance with budgetary authorizations and Ohio Revised Code provisions.

**Note 13 – Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed, by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

The Village may be a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Village Solicitor, the resolution of these matters will not have a material adverse effect on the financial condition of the Village.

VILLAGE OF OAK HARBOR  
Ottawa County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2007 and 2006

---

**Note 14 – Joint Venture**

The Village of Oak Harbor is a Non-Financing Participant and an Owner Participant with an ownership percentage of .55% and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

Pursuant to the OMEGA JV2 Agreement, the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP-Ohio and to pay or incur the costs of the same in accordance with the JV2 Agreement.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP-Ohio, which acts as the joint venture's agent. During 2001, AMP-Ohio issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. The Village's net investment in OMEGA JV2 was \$216,296 and \$230,288 at December 31, 2007 and 2006, respectively. Complete financial statements for OMEGA JV2 may be obtained from AMP-Ohio or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

VILLAGE OF OAK HARBOR  
 Ottawa County, Ohio  
 Notes to the Financial Statements  
 For the Year Ended December 31, 2007 and 2006

---

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2007 are:

Municipality	Percent Ownership	Kw Entitlement	Municipality	Percent Ownership	Kw Entitlement
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.49%	15,400	Monroeville	0.57%	764
Cuyahoga Falls	7.46%	10,000	Milan	0.55%	737
Wadsworth	5.81%	7,784	Oak Harbor	0.55%	737
Painesville	5.22%	7,000	Elmore	0.27%	364
Dover	5.22%	7,000	Jackson Center	0.22%	300
Galion	4.29%	5,753	Napoleon	0.20%	264
Amherst	3.73%	5,000	Lodi	0.16%	218
St. Mary's	2.98%	4,000	Genoa	0.15%	199
Montpelier	2.98%	4,000	Pemberville	0.15%	197
Shelby	1.89%	2,536	Lucas	0.12%	161
Versailles	1.24%	1,660	South Vienna	0.09%	123
Edgerton	1.09%	1,460	Bradner	0.09%	119
Yellow Springs	1.05%	1,408	Woodville	0.06%	81
Oberlin	0.91%	1,217	Haskins	0.05%	73
Pioneer	0.86%	1,158	Arcanum	0.03%	44
Seville	<u>0.79%</u>	<u>1,066</u>	Custar	<u>0.00%</u>	<u>4</u>
			Grand Total	<u>100.00%</u>	<u>134,081</u>

VILLAGE OF OAK HARBOR  
Ottawa County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2007 and 2006

---

The Village of Oak Harbor is a Financing Participant with an ownership percentage of .94 %, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP-Ohio.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2007 Oak Harbor has met their debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP-Ohio, which acts as the joint venture's agent. During 1993 and 2001 AMP-Ohio issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024.

The Village's net investment to date in OMEGA JV5 was \$84,125 and \$101,550 at December 31, 2007 and 2006, respectively. Complete financial statements for OMEGA JV5 may be obtained from AMP-Ohio or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).



Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

---

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Oak Harbor  
Ottawa County  
146 Church Street  
Oak Harbor, Ohio 43449

To the Village Council:

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Village of Oak Harbor, Ottawa County, Ohio (the Village) as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Village's financial statements and have issued our report thereon dated July 2, 2008, wherein we noted that the Village uses the cash basis of accounting rather than generally accepted accounting principles. We conducted our audit in accordance with 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.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the cash basis of accounting such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

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, grant agreements and other matters, 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*.

We noted certain matters that we reported to management in a separate letter dated July 2, 2008.

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

***Charles E. Harris and Associates, Inc.***

July 2, 2008

## **STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS**

The prior audit report, for the years ending December 31, 2005 and 2004, reported no material citations or recommendations.





**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF OAK HARBOR**

**OTTAWA 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  
SEPTEMBER 25, 2008**