



Dave Yost • Auditor of State



VILLAGE OF OTTAWA  
PUTNAM COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Ottawa, Putnam County, Ohio (the Village), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Ottawa, Putnam County, Ohio, as of December 31, 2014, and the respective changes in cash financial position and the respective budgetary comparisons for the General and Income Tax Funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

### ***Accounting Basis***

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

### ***Other Matters***

#### ***Supplemental and Other Information***

We audited to opine on the Village's financial statements that collectively comprise its basic financial statements. The Federal Award Expenditures Schedule presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We applied no procedures to the Management's Discussion and Analysis presented on pages 5-12 of the report, and accordingly, we express no opinion or any other assurance on it.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2015, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

September 1, 2015

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**VILLAGE OF OTTAWA  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED**

This discussion and analysis of the Village of Ottawa's (the Village's) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2014, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

**Highlights**

Key highlights for 2014 are as follows:

Net position of governmental activities increased \$1,027,808, or 21 percent, a significant change from the prior year. This was due mostly to the sale of bonds and notes for the purpose of advance refunding bonds, road improvements and water system improvements.

General receipts represent 51 percent of the Village's total receipts, and of this amount, 52 percent are debt proceeds for the purpose of advance refunding the Community Learning Center Bonds, roadway improvements, fire equipment and water system improvements. Nearly 39 percent are local taxes, 6 percent are grants and entitlements not restricted to specific programs, and the remaining 3 percent is interest earnings which can fluctuate annually due to rate of return, sale of capital assets, proceeds from insurance, and miscellaneous receipts.

The Water Operating Fund and Sewer Operating Fund are the Village's major business-type activities. The Water Operating Fund realized a decrease in net position of 15 percent, while the Sewer Operating Fund's net position increased 15 percent. The Village analyzes its water and sewer rates on a regular basis and makes adjustments accordingly.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

**Report Components**

The statement of net position and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the village-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**VILLAGE OF OTTAWA  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED  
(Continued)**

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Government as a Whole**

This annual report includes all activities for which the Village is fiscally responsible. These activities, defined as the Village's reporting entity, are operated within separate legal entities that make up the primary government. The primary government consists of the Village.

The statement of net position and the statement of activities reflect how the Village did financially during 2014, within the limitations of cash basis accounting. The statement of net position 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 activity. 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 statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net position and the statement of activities, we divide the Village into two types of activities:

Governmental activities. Most of the Village's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activities. The Village has two business-type activities, the provision of water and sewer. Business-type activities are financed by a fee charged to the customers receiving the service.

**Reporting the Village's Most Significant Funds**

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and proprietary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental

**VILLAGE OF OTTAWA  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED  
(Continued)**

operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund, Income Tax Fund, Bonds Series 2014 Fund, and Hazard Mitigation Grant Program - Phase 2 Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

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 an enterprise fund. The Village has three enterprise funds, the Water Operating Fund, Sewer Operating Fund, and Enterprise Debt Service Reserve Fund. When the services are provided to other departments of the Village, the service is reported as an internal service fund. The Village has no internal service funds.

**The Village as a Whole**

Table 1 provides a summary of the Village's Net Position for 2014 compared to 2013 on a cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Assets</b>						
Cash and Cash Equivalents	\$5,885,541	\$4,853,246	\$2,975,486	\$3,050,028	\$8,861,026	\$7,903,274
Investments	9,430	13,917			9,430	13,917
Total Assets	<u>\$5,894,971</u>	<u>\$4,867,163</u>	<u>\$2,975,486</u>	<u>\$3,050,028</u>	<u>\$8,870,457</u>	<u>\$7,917,191</u>
<b>Net Position</b>						
Restricted for:						
Capital Outlay	1,230,324	356,417			1,230,324	356,417
Debt Service	1,605				1,605	
Other Purposes	440,109	2,665,071			440,109	2,665,071
Unrestricted	4,222,933	1,845,675	2,975,486	3,050,028	7,198,419	4,895,703
Total Net Position	<u>\$5,894,971</u>	<u>\$4,867,163</u>	<u>\$2,975,486</u>	<u>\$3,050,028</u>	<u>\$8,870,457</u>	<u>\$7,917,191</u>

As mentioned previously, net position of governmental activities increased \$1,027,808, or 21 percent during 2014. The primary reasons contributing to the increases in cash balances are as follows:

- The cash increase in the Bonds Series 2014 Fund in the amount of \$600,000 was due to bond proceeds.
- There was an increase in the amount of \$190,273 in the Income Tax Fund. This was due to growth in income tax revenues, and non-federal, non-state grant or aid.
- The Hazard Mitigation Grant Program - Phase 2 Fund realized an increase in the amount of \$334,270 due to grant proceeds.

**VILLAGE OF OTTAWA  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED  
(Continued)**

Table 2 reflects the changes in net position in 2014 compared to 2013 on a cash basis:

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**VILLAGE OF OTTAWA  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED  
(Continued)**

(Table 2)  
**Changes in Net Position**

	Governmental Activities 2014	Governmental Activities 2013	Business Type Activities 2014	Business Type Activities 2013	Total 2014	Total 2013
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$203,543	\$205,540	\$3,043,880	\$2,803,743	\$3,247,423	\$3,009,283
Operating Grants and Contributions	124,425	235,679			124,425	235,679
Capital Grants and Contributions	1,925,782	897,205			1,925,782	897,205
<b>Total Program Receipts</b>	<b>2,253,750</b>	<b>1,338,424</b>	<b>3,043,880</b>	<b>2,803,743</b>	<b>5,297,630</b>	<b>4,142,167</b>
General Receipts:						
Property and Other Local Taxes	315,654	310,313			315,654	310,313
Municipal Income Taxes	1,755,598	1,677,132			1,755,598	1,677,132
Other Local Taxes	47,000				47,000	
Grants and Entitlements Not Restricted to Specific Programs	336,946	353,677			336,946	353,677
Sale of Bonds	1,900,000				1,900,000	
Sale of Notes	548,400	43,622			548,400	43,622
Loan Proceeds	402,385			16,690	402,385	16,690
Insurance Proceeds		25,262	100,000		100,000	25,262
Sale of Capital Assets	15,466	124,914	7,834	11,741	23,300	136,655
Proceeds from Lawsuit				165,318		165,318
Earnings on Investments	25,907	23,706			25,907	23,706
Miscellaneous	49,603	46,486	8,054	75,310	57,657	121,796
Refund of Prior Year Expenditures		115,502				115,502
<b>Total General Receipts</b>	<b>5,396,959</b>	<b>2,720,614</b>	<b>115,888</b>	<b>269,059</b>	<b>5,512,847</b>	<b>2,989,673</b>
<b>Total Receipts</b>	<b>7,650,709</b>	<b>4,059,038</b>	<b>3,159,768</b>	<b>3,072,802</b>	<b>10,810,477</b>	<b>7,131,840</b>
Disbursements:						
General Government	440,963	442,496			440,963	442,496
Security of Persons and Property:	739,051	711,553			739,051	711,553
Leisure Time Activities	93,309	85,555			93,309	85,555
Community Environment	151,938	117,445			151,938	117,445
Basic Utilities	41,249	155,601			41,249	155,601
Transportation	220,842	249,778			220,842	249,778
Capital Outlay	2,898,909	2,164,476			2,898,909	2,164,476
Principal Retirement	296,867	280,072			296,867	280,072
Interest and Fiscal Charges	178,135	180,625			178,135	180,625
Bond Issuance Fees	40,500				40,500	
Payment to Bond Escrow	1,257,895				1,257,895	
Water Operating			1,946,963	1,920,078	1,946,963	1,920,078
Sewer Operating			1,550,590	1,484,166	1,550,590	1,484,166
<b>Total Disbursements</b>	<b>6,359,658</b>	<b>4,387,601</b>	<b>3,497,553</b>	<b>3,404,244</b>	<b>9,857,211</b>	<b>7,791,845</b>
Excess (Deficiency) Before Advances	1,291,051	(328,563)	(337,785)	(331,442)	953,266	(660,005)
Advances	(263,243)	263,243	263,243	(263,243)		
Increase (Decrease) in Net Position	1,027,808	(65,320)	(74,542)	(594,685)	953,266	(660,005)
Net Position, January 1	4,867,163	4,932,483	3,050,028	3,644,713	7,917,191	8,577,196
<b>Net Position, December 31</b>	<b>\$5,894,971</b>	<b>\$4,867,163</b>	<b>\$2,975,486</b>	<b>\$3,050,028</b>	<b>\$8,870,457</b>	<b>\$7,917,191</b>

**VILLAGE OF OTTAWA  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED  
(Continued)**

Program receipts represent 49 percent of total receipts and are primarily comprised of restricted water and sewer user fees. Grants restricted for specific projects were 39 percent of program receipts. Restricted intergovernmental receipts such as motor vehicle license and gas tax money, as well as recreational entry fees, and license and permit fees are also included in program receipts.

In 2014, general receipts represent 51 percent of the Village's total receipts, and of this amount, 52 percent are debt proceeds for the purpose of refunding the Community Learning Center Bonds, roadway improvements, fire equipment and water system improvements. Nearly 39 percent are local taxes, 6 percent are grants and entitlements not restricted to specific programs, and the remaining 3 percent is interest earnings which can fluctuate annually due to rate of return, sale of capital assets, proceeds from insurance, and miscellaneous receipts.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other government activities. These include the costs of council, mayor, municipal director, solicitor, fiscal officer, and community environment departments, as well as internal services such as payroll and purchasing.

Security of Persons and Property are the costs of police and fire protection; Leisure Time Activities are the costs of maintaining the pool and parks; the economic development department promotes the Village to industry and commerce as well as working with other governments in the area to attract new business; Basic Utility Services are costs associated with the water and sewer systems in special revenue funds; and Transportation is the cost of maintaining the roads.

**Governmental Activities**

If you look at the Statement of Activities, you will see the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for capital improvements, which account for 46 percent of all governmental disbursements. Debt service, security of persons and property and general government also represent significant costs, 28 percent, 12 percent and 7 percent, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement of Activities. A comparison between the total cost of services and the net cost is presented in Table 3.

**VILLAGE OF OTTAWA  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED  
(Continued)**

(Table 3)

	<b>Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2014	2014	2013	2013
General Government	\$440,963	\$303,174	\$442,496	\$343,039
Security of Persons and Property	739,051	706,738	711,553	668,395
Leisure Time Activities	93,309	92,309	85,555	83,175
Community Environment	151,938	(1,515,377)	117,445	(111,586)
Basic Utilities	41,249	(325,401)	155,601	(283,561)
Transportation	220,842	172,159	249,778	(275,458)
Capital Outlay	2,898,909	2,898,909	2,164,476	2,164,476
Principal Retirement	296,867	296,867	280,072	280,072
Interest and Fiscal Charges	178,135	178,135		
Bond Issuance Fees	40,500	40,500		
Payment to Bond Escrow	1,257,895	1,257,895	180,625	180,625
<b>Total Expenses</b>	<b>\$6,359,658</b>	<b>\$4,105,908</b>	<b>\$4,387,601</b>	<b>\$3,049,177</b>

The dependence upon general receipts is apparent as nearly 65 percent of governmental activities are supported through these receipts.

**Business-type Activities**

The Village has two major business type activities, the provision of water and sewer, which are accounted for in the Water Operating Fund and the Sewer Operating Fund. Charges for services did not support all the business type activity disbursements in 2014, as 13 percent of the business type activities were dependent on general receipts. The Village reviews its water and sewer rates annually and makes necessary adjustments to align the revenues with anticipated expenditures. In addition, the Village sells water and sewer to neighboring communities to help stabilize rates.

*The Government's Funds*

As you look at the Statement of Receipts, Disbursements, and Changes in Cash Basis Fund Balances you will see total governmental funds had receipts and other financing sources of \$7,724,643 and disbursements and other financing uses of \$6,696,835. The greatest change in fund balances within governmental funds occurred within the Bonds Series 2014 Fund. The fund balance increase of \$600,000 in the Bonds Series 2014 Fund is due to the sale of bonds.

There was an increase in the Hazard Mitigation Grant Program - Phase 2 Fund in the amount of \$334,270 due to grant proceeds.

The Income Tax Fund balance increased \$190,273, which can be attributed to growth in income tax revenues, and non-federal, non-state grant or aid.

The General Fund balance decreased \$44,300, which can be attributed to less intergovernmental revenue and insurance proceeds received.

**General Fund Budgeting Highlights**

**VILLAGE OF OTTAWA  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED  
(Continued)**

The Village's budget is prepared according to Ohio law and the Village Charter and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

Final disbursements and other financing uses in the General Fund were budgeted at \$2,231,722, while actual disbursements were \$1,091,057. The Village employs a conservative approach to budgeting by estimating receipts low and appropriations high. In 2014, the Village budgeted for certain capital improvements in the General Fund, but decided not to pursue those improvements at this time in keeping with its conservative approach.

**Capital Assets and Debt Administration**

**Capital Assets**

The Village does not currently keep track of its capital assets and infrastructure.

**Debt**

At December 31, 2014, the Village's outstanding debt included \$2,525,000 in Various Purpose General Obligation Capital Asset Bonds, \$1,900,000 in Various Purpose Bonds, Series 2014 issued for roadway improvements and Community Learning Center Bonds advanced refunding, \$95,000 in unrefunded Community Learning Center Bonds, \$380,989 in Ohio Public Works Commission (OPWC) loans for improvements to water and sewer utility services, \$5,914,430 in Ohio Water Development Authority (OWDA) loans for improvements to water and sewer system buildings and structures, \$313,908 in State Infrastructure Bank loans for road improvements, \$536,606 in First Federal Bank loan for purchase of a fire truck, and \$122,090 in Key Government Finance lease for sewer camera system. For further information regarding the Village's debt, refer to Note 11 to the basic financial statements.

**Current Issues**

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes. The Village is constantly looking at ways to cut costs without cutting services. Employees are cross-trained in several areas and certain services have been contracted out resulting in cost savings. In addition, in 2014 the Village issued advance refunding bonds resulting in a savings of \$79,870 over the next 11 years.

**Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Barbara J. Hermiller, Fiscal Officer, Village of Ottawa, 136 North Oak Street, Ottawa, Ohio 45875-1810.

**VILLAGE OF OTTAWA  
PUTNAM COUNTY**

*Statement of Net Position - Cash Basis  
December 31, 2014*

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$5,885,541	\$2,975,486	\$8,861,027
Investments	9,430		9,430
<i>Total Assets</i>	<u>\$5,894,971</u>	<u>\$2,975,486</u>	<u>\$8,870,457</u>
<b>Net Position</b>			
Restricted for:			
Capital Projects	\$1,230,324		\$1,230,324
Debt Service	1,605		1,605
Other Purposes	440,109		440,109
Unrestricted	<u>4,222,933</u>	<u>\$2,975,486</u>	<u>7,198,419</u>
<i>Total Net Position</i>	<u>\$5,894,971</u>	<u>\$2,975,486</u>	<u>\$8,870,457</u>

See accompanying notes to the basic financial statements

**VILLAGE OF OTTAWA  
PUTNAM COUNTY**

*Statement of Activities - Cash Basis  
For the Year Ended December 31, 2014*

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
Current:				
Security of Persons and Property	\$739,051	\$30,525	\$1,788	
Leisure Time Activities	93,309	1,000		
Community Environment	151,938	33,164	79,450	\$1,554,701
Basic Utility Services	41,249		29,569	337,081
Transportation	220,842	1,065	13,618	34,000
General Government	440,963	137,789		
Capital Outlay	2,898,909			
Debt Service:				
Principal Retirement	296,867			
Interest and Fiscal Charges	178,135			
Bond Issuance Fees	40,500			
Payment to Bond Escrow	1,257,895			
<i>Total Governmental Activities</i>	<u>6,359,658</u>	<u>203,543</u>	<u>124,425</u>	<u>1,925,782</u>
<b>Business-Type Activities</b>				
Water Operating	1,946,963	1,595,131		
Sewer Operating	1,550,590	1,448,749		
<i>Total Business-Type Activities</i>	<u>3,497,553</u>	<u>3,043,880</u>		
<b>Total</b>	<u><u>\$9,857,211</u></u>	<u><u>\$3,247,423</u></u>	<u><u>\$124,425</u></u>	<u><u>\$1,925,782</u></u>

**General Receipts**

Property Taxes Levied for:  
    General Purposes  
    Fire Services  
Municipal Income Taxes  
Other Local Taxes  
Grants and Entitlements not Restricted to Specific Programs  
Sale of Bonds  
Sale of Notes  
Loan Proceeds  
Insurance Proceeds  
Sale of Capital Assets  
Earnings on Investments  
Miscellaneous  
Advances

*Total General Receipts*

Change in Net Position

*Net Position Beginning of Year*

*Net Position End of Year*

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(\$706,738)		(\$706,738)
(92,309)		(92,309)
1,515,377		1,515,377
325,401		325,401
(172,159)		(172,159)
(303,174)		(303,174)
(2,898,909)		(2,898,909)
(296,867)		(296,867)
(178,135)		(178,135)
(40,500)		(40,500)
<u>(1,257,895)</u>		<u>(1,257,895)</u>
<u>(4,105,908)</u>		<u>(4,105,908)</u>
	(\$351,832)	(351,832)
	<u>(101,841)</u>	<u>(101,841)</u>
	<u>(453,673)</u>	<u>(453,673)</u>
<u>(4,105,908)</u>	<u>(453,673)</u>	<u>(4,559,581)</u>
228,864		228,864
86,790		86,790
1,755,598		1,755,598
47,000		47,000
336,946		336,946
1,900,000		1,900,000
548,400		548,400
402,385		402,385
	100,000	100,000
15,466	7,834	23,300
25,907		25,907
49,603	8,054	57,657
<u>(263,243)</u>	<u>263,243</u>	
<u>5,133,716</u>	<u>379,131</u>	<u>5,512,847</u>
1,027,808	(74,542)	953,266
<u>4,867,163</u>	<u>3,050,028</u>	<u>7,917,191</u>
<u>\$5,894,971</u>	<u>\$2,975,486</u>	<u>\$8,870,457</u>

**VILLAGE OF OTTAWA  
PUTNAM COUNTY**

*Statement of Assets and Fund Balances - Cash Basis  
Governmental Funds  
December 31, 2014*

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	<u>General</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$1,797,088
Investments	<u>4,287</u>
<i>Total Assets</i>	<u><u>\$1,801,375</u></u>
 <b>Fund Balances</b>	
Restricted	
Committed	
Assigned	\$1,380,369
Unassigned	<u>421,006</u>
<i>Total Fund Balances</i>	<u><u>\$1,801,375</u></u>

See accompanying notes to the basic financial statements

Income Tax Fund	Bond Series 2014 Fund	HMPG Phase 2 Fund	Other Governmental Funds	Total Governmental Funds
\$2,436,594	\$600,000	\$334,270	\$717,589 5,143	\$5,885,541 9,430
<u>\$2,436,594</u>	<u>\$600,000</u>	<u>\$334,270</u>	<u>\$722,732</u>	<u>\$5,894,971</u>
\$15,036 2,421,558	\$600,000	\$334,270	\$722,732	\$1,672,038 2,421,558 1,380,369 421,006
<u>\$2,436,594</u>	<u>\$600,000</u>	<u>\$334,270</u>	<u>\$722,732</u>	<u>\$5,894,971</u>

**VILLAGE OF OTTAWA  
PUTNAM COUNTY**

*Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis  
Governmental Funds  
For the Year Ended December 31, 2014*

	General	Income Tax Fund	Bond Series 2014 Fund
<b>Receipts</b>			
Municipal Income Taxes		\$1,755,598	
Property Taxes	\$228,864		
Other Local Taxes			
Intergovernmental	102,565	13,618	
Special Assessments		866	
Charges for Services	64,818	92,493	
Fines, Licenses and Permits	44,127		
Earnings on Investments	24,953		
Miscellaneous	4,097	44,408	
<i>Total Receipts</i>	<u>469,424</u>	<u>1,906,983</u>	
<b>Disbursements</b>			
Current:			
Security of Persons and Property	142,223	506,872	
Leisure Time Activities	93,309		
Community Environment	73,087		
Basic Utility Services			
Transportation			
General Government	204,693	233,680	
Capital Outlay	548,400	505,224	
Debt Service:			
Principal Retirement		296,867	
Interest and Fiscal Charges		178,135	
<i>Total Disbursements</i>	<u>1,061,712</u>	<u>1,720,778</u>	
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(592,288)</u>	<u>186,205</u>	
<b>Other Financing Sources (Uses)</b>			
Sale of Bonds			\$1,898,395
Sale of Notes	548,400		
Loan Proceeds			
Bond Issuance Fees			(40,500)
Payment to Escrow Agent			(1,257,895)
Sale of Capital Assets	11,398	4,068	
Advances In			
Advances Out	(11,810)		
<i>Total Other Financing Sources (Uses)</i>	<u>547,988</u>	<u>4,068</u>	<u>600,000</u>
<i>Net Change in Fund Balances</i>	(44,300)	190,273	600,000
<i>Restated Fund Balances Beginning of Year</i>	<u>1,845,675</u>	<u>2,246,321</u>	
<i>Fund Balances End of Year</i>	<u>\$1,801,375</u>	<u>\$2,436,594</u>	<u>\$600,000</u>

See accompanying notes to the basic financial statements

HMPG Phase 2 Fund	Other Governmental Funds	Total Governmental Funds
		\$1,755,598
	\$86,790	315,654
	47,000	47,000
\$785,264	1,485,706	2,387,153
		866
	1,064	158,375
	175	44,302
	954	25,907
	1,098	49,603
<u>785,264</u>	<u>1,622,787</u>	<u>4,784,458</u>
	89,956	739,051
		93,309
	78,851	151,938
	41,249	41,249
	220,842	220,842
	2,590	440,963
450,994	1,394,291	2,898,909
		296,867
		178,135
<u>450,994</u>	<u>1,827,779</u>	<u>5,061,263</u>
<u>334,270</u>	<u>(204,992)</u>	<u>(276,805)</u>
	1,605	1,900,000
		548,400
	402,385	402,385
		(40,500)
		(1,257,895)
		15,466
	73,934	73,934
	(325,367)	(337,177)
	152,557	1,304,613
334,270	(52,435)	1,027,808
	775,167	4,867,163
<u>\$334,270</u>	<u>\$722,732</u>	<u>\$5,894,971</u>

**VILLAGE OF OTTAWA  
PUTNAM COUNTY**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
General Fund  
For the Year Ended December 31, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Receipts</b>				
Property Taxes	\$224,138	\$224,138	\$228,864	\$4,726
Intergovernmental	90,052	90,052	102,565	12,513
Charges for Services	52,787	52,787	64,818	12,031
Fines, Licenses and Permits	35,520	35,520	44,127	8,607
Earnings on Investments	21,015	21,015	24,953	3,938
Miscellaneous	5,500	5,500	4,097	(1,403)
<i>Total Receipts</i>	<u>429,012</u>	<u>429,012</u>	<u>469,424</u>	<u>40,412</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	178,228	178,228	145,639	32,589
Leisure Time Activities	135,538	135,538	94,945	40,593
Community Environment	118,257	118,257	80,872	37,385
General Government	272,137	282,497	207,226	75,271
Capital Outlay	979,062	1,517,102	550,565	966,537
<i>Total Disbursements</i>	<u>1,683,222</u>	<u>2,231,622</u>	<u>1,079,247</u>	<u>1,152,375</u>
<i>Excess of Disbursements over Receipts</i>	<u>(1,254,210)</u>	<u>(1,802,610)</u>	<u>(609,823)</u>	<u>1,192,787</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Notes			548,400	548,400
Loan Proceeds		548,400		(548,400)
Sale of Capital Assets			11,398	11,398
Advances Out			(11,810)	(11,810)
Other Financing Uses	(100)	(100)		100
<i>Total Other Financing Sources (Uses)</i>	<u>(100)</u>	<u>548,300</u>	<u>547,988</u>	<u>(312)</u>
<i>Net Change in Fund Balance</i>	<u>(1,254,310)</u>	<u>(1,254,310)</u>	<u>(61,835)</u>	<u>1,192,475</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	1,246,525	1,246,525	1,246,525	
Prior Year Encumbrances Appropriated	8,317	8,317	8,317	
<i>Unencumbered Fund Balance End of Year</i>	<u>\$532</u>	<u>\$532</u>	<u>\$1,193,007</u>	<u>\$1,192,475</u>

See accompanying notes to the basic financial statements

**VILLAGE OF OTTAWA  
PUTNAM COUNTY**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Income Tax Fund  
For the Year Ended December 31, 2014*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Municipal Income Taxes	\$1,400,000	\$1,400,000	\$1,755,598	\$355,598
Intergovernmental			13,618	13,618
Special Assessments			866	866
Charges for Services	88,500	88,500	92,493	3,993
Miscellaneous			44,408	44,408
<i>Total Receipts</i>	<u>1,488,500</u>	<u>1,488,500</u>	<u>1,906,983</u>	<u>418,483</u>
<b>Disbursements</b>				
Current:				
General Government	382,503	382,503	234,505	147,998
Security of Persons and Property	586,900	586,900	512,121	74,779
Capital Outlay	2,223,286	2,207,366	717,883	1,489,483
Debt Service:				
Principal Retirement	300,108	311,903	311,903	
Interest and Fiscal Charges	174,010	178,135	178,135	
<i>Total Disbursements</i>	<u>3,666,807</u>	<u>3,666,807</u>	<u>1,954,547</u>	<u>1,712,260</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(2,178,307)</u>	<u>(2,178,307)</u>	<u>(47,564)</u>	<u>2,130,743</u>
<b>Other Financing Sources</b>				
Sale of Capital Assets			4,068	4,068
<i>Net Change in Fund Balance</i>	<u>(2,178,307)</u>	<u>(2,178,307)</u>	<u>(43,496)</u>	<u>2,134,811</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	2,181,499	2,181,499	2,181,499	
Prior Year Encumbrances Appropriated	64,822	64,822	64,822	
<i>Unencumbered Fund Balance End of Year</i>	<u>\$68,014</u>	<u>\$68,014</u>	<u>\$2,202,825</u>	<u>\$2,134,811</u>

See accompanying notes to the basic financial statements

**VILLAGE OF OTTAWA  
PUTNAM COUNTY**

*Statement of Fund Net Position - Cash Basis  
Proprietary Funds  
December 31, 2014*

	Business-Type Activities			Total Enterprise Funds
	Water Operating Fund	Sewer Operating Fund	Other Enterprise Fund	
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$1,393,113</u>	<u>\$1,267,476</u>	<u>\$314,897</u>	<u>\$2,975,486</u>
<b>Net Position</b>				
Unrestricted	<u>\$1,393,113</u>	<u>\$1,267,476</u>	<u>\$314,897</u>	<u>\$2,975,486</u>

See accompanying notes to the basic financial statements

**VILLAGE OF OTTAWA  
PUTNAM COUNTY**

*Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis  
Proprietary Funds  
For the Year Ended December 31, 2014*

	Business-Type Activities			Total Enterprise Funds
	Water Operating Fund	Sewer Operating Fund	Other Enterprise Fund	
<b>Operating Receipts</b>				
Charges for Services	\$1,564,368	\$1,410,428		\$2,974,796
Miscellaneous	5,430	2,624		8,054
<i>Total Operating Receipts</i>	<u>1,569,798</u>	<u>1,413,052</u>		<u>2,982,850</u>
<b>Operating Disbursements</b>				
Personal Services	322,342	317,718		640,060
Employee Fringe Benefits	174,293	185,834		360,127
Contractual Services	253,110	314,452		567,562
Supplies and Materials	289,143	125,431		414,574
Other	19,338			19,338
<i>Total Operating Disbursements</i>	<u>1,058,226</u>	<u>943,435</u>		<u>2,001,661</u>
<i>Operating Income</i>	511,572	469,617		981,189
<b>Non-Operating Receipts (Disbursements)</b>				
Intergovernmental	801			801
Special Assessments	29,962	38,321		68,283
Sale of Capital Assets	2,132	5,702		7,834
Insurance Proceeds	100,000			100,000
Capital Outlay	(553,243)	(153,861)		(707,104)
Principal Retirement	(233,586)	(359,635)		(593,221)
Interest and Other Fiscal Charges	(101,908)	(93,659)		(195,567)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(755,842)</u>	<u>(563,132)</u>		<u>(1,318,974)</u>
<i>Loss before Advances</i>	(244,270)	(93,515)		(337,785)
Advances In		325,367		325,367
Advances Out		(62,124)		(62,124)
<i>Change in Net Position</i>	(244,270)	169,728		(74,542)
<i>Net Position Beginning of Year</i>	<u>1,637,383</u>	<u>1,097,748</u>	<u>\$314,897</u>	<u>3,050,028</u>
<i>Net Position End of Year</i>	<u><u>\$1,393,113</u></u>	<u><u>\$1,267,476</u></u>	<u><u>\$314,897</u></u>	<u><u>\$2,975,486</u></u>

See accompanying notes to the basic financial statements

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**VILLAGE OF OTTAWA  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 1 – REPORTING ENTITY**

The Village of Ottawa, Putnam County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Beginning January 1, 2000 the Village's form of government was changed from statutory to a charter form of government. A six-member Council elected at large for four-year terms directs the Village. The Mayor is elected to a four-year term, and votes only to break a tie.

**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. The Village appropriates general fund money to support a volunteer fire department.

**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. Based on these criteria, the Village has no component units.

**C. Public Entity Risk Pools**

The Village participates in a public entity risk pool. Note 8 to the financial statements provides additional information for this entity. This organization is the Public Entities Pool of Ohio.

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. The following are the more significant of the Village's accounting policies.

**A. Basis of Presentation**

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

**VILLAGE OF OTTAWA  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Village as a whole. 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 position 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.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village has four major governmental funds including the General Fund, Income Tax Fund, Bond Series 2014 Fund, and Hazard Mitigation Grant Program - Phase 2 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 Income Tax Fund is a special revenue fund used primarily to fund capital improvements. Its use is restricted by Village ordinance.
- The Bond Series 2014 Fund is a capital project fund established for the receipt of bond monies

**VILLAGE OF OTTAWA  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

to be used for advanced refunding the Community Learning Center Bonds and road improvement projects.

- The Hazard Mitigation Grant Program - Phase 2 Fund is a capital project fund established for the receipt and disbursement of grant monies.

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 the water and sewer funds.

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

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

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. 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.

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 liabilities and the related expenses) are not recorded in these financial statements.

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 appropriations 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 appropriations 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 Fiscal Officer. 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

**VILLAGE OF OTTAWA  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

resources in effect at the time final appropriations were passed by the Village Council.

The appropriations 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".

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

During 2014, the Village invested in nonnegotiable certificates of deposit, savings accounts, money market funds, and STAR Ohio. The nonnegotiable certificates of deposit are reported at cost. The savings accounts and money market accounts are reported at the amount the Village has recorded as of December 31, 2014.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2014.

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 2014 was \$24,953, which includes \$16,497 assigned from other Village funds.

F. 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.

G. 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.

H. 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.

I. 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.

**VILLAGE OF OTTAWA  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

J. 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.

K. Long-Term Obligations

The Village's cash basis financial statements do not 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.

L. Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for other purposes include resources restricted for capital expenditures such as land and land improvements, street improvements, and police and fire equipment.

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

M. Fund Balance

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

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or

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resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

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

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

**N. 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 – ACCOUNTABILITY**

The Village's governmental beginning balances have been restated due to a change in the funds considered to be major funds as of December 31, 2014.

In 2013, the Road Improvement and FEMA Flood Funds were classified as a major fund. In 2014, Road Improvement and FEMA Flood Funds were classified as a nonmajor fund due to a decrease in revenue and expenditure activity.

The prior period restatement had the following effect on the Village's governmental fund balances as previously reported:

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	General	Income Tax	Road Improvement	FEMA Flood	Other Governmental	Total Governmental
Fund balance as of						
December 31, 2013	\$1,845,675	\$2,246,321	\$288,674	\$12,200	\$474,293	\$4,867,163
Fund reclassification:						
Road Improvement Fund			(\$288,674)		288,674	
FEMA Flood Fund				(\$12,200)	12,200	
Restated fund balance as of						
January 1, 2014	<u>\$1,845,675</u>	<u>\$2,246,321</u>			<u>\$775,167</u>	<u>\$4,867,163</u>

The prior period restatement did not have an effect on net position as previously reported.

**NOTE 4 – 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 Income Tax Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year-end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year-end (budgetary basis) amounted to \$17,535 for the General Fund and \$233,769 in the Income Tax Fund.

In addition, as part of Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting”, certain funds that are legally budgeted in separate special revenue funds (budget stabilization and termination benefit funds) are considered part of the General fund on the cash basis.

The following table summarizes the adjustments necessary to reconcile the cash basis statement to the budgetary basis statement for the General fund:

Net Change in Fund Cash Balance		
	General Fund	Income Tax Fund
Cash Basis	(\$44,300)	\$190,273
Adjustment for Encumbrances	(17,535)	(233,769)
Budget Basis	(\$61,835)	(\$43,496)

**NOTE 5 – DEPOSITS AND INVESTMENTS**

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active 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 Council has identified as not required for use within the current

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five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of 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 held by the Village can 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).

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.

At year end, the Village had \$150 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

Deposits

Custodial credit risk 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 year end, \$4,431,087 of the Village's bank balance of \$8,988,266 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.

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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.

**NOTE 6 – INCOME TAXES**

The Village levies a 1 percent income tax whose proceeds are placed into the Income Tax Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

**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 2014 represent the collection of 2013 taxes. Real property taxes received in 2014 were levied after October 1, 2013, on the assessed values as of January 1, 2013, 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 2014 represent the collection of 2013 taxes. Public utility real and tangible personal property taxes received in 2014 became a lien on December 31, 2012, were levied after October 1, 2013, and are collected in 2014 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.

The full tax rate for all Village operations for the year ended December 31, 2014, was \$4.00 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2014 property tax receipts were based are as follows:

Real Property	
Residential	\$64,344,530
Agriculture	706,290
Commercial/Industrial/Mineral	20,281,480
Public Utility Property	
Real	21,880
Personal	3,646,710
Total Assessed Value	<u>\$89,000,890</u>

**NOTE 8 – RISK MANAGEMENT**

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2014, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2013 and 2014.

	<u>2013</u>	<u>2014</u>
Assets	\$34,411,883	\$35,402,177
Liabilities	<u>(12,760,194)</u>	<u>(12,363,257)</u>
Net Position	<u>\$21,651,689</u>	<u>\$23,038,920</u>

At December 31, 2013 and 2014, respectively, the liabilities above include approximately 11.6 million and \$11.1 million of estimated incurred claims payable. The assets above also include approximately \$11.1 million and \$10.8 million of unpaid claims to be billed. The Pool's membership increased from 475 members in 2013 to 488 members in 2014. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Village's share of these unpaid claims collectible in future years is approximately \$60,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2013</u>	<u>2014</u>
\$85,754	\$86,404

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution.

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Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**NOTE 9 – DEFINED BENEFIT PENSION PLANS**

**A. Ohio Public Employees Retirement System**

Plan Description – The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension 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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, 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 Pension 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. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10 percent. For the year ended December 31, 2014, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 12 percent and 13 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2014, member and employer contribution rates were consistent across all three plans.

The Village's 2014 contribution rate was 14 percent, except for those plan members in law enforcement or public safety, for whom the Village's contribution was 18.10 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 2 percent for 2014. The portion of employer contributions allocated to health care for members in the Combined Plan was 2 percent for 2014. Employer contribution rates are actuarially determined.

The Village's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2014, 2013, and 2012 were \$109,744, \$116,519, and \$88,423, respectively; 100 percent has been contributed for 2014 and 100 percent for 2013 and 2012.

**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 pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are

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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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F's website at [www.op-f.org](http://www.op-f.org).

From Jan. 1, 2014 thru July 1, 2014, plan members were required to contribute 10.75% of their annual covered salary. From July 2, 2014 thru Dec. 31, 2014, plan members were required to contribute 11.50% of their covered salary. Throughout 2014 employers were required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The Village's contributions to OP&F for the years ending December 31, 2014, 2013, and 2012 were \$55,819, \$33,506, and \$34,216, respectively. The full amount has been contributed for 2014, 2013, and 2012.

**NOTE 10 – POSTEMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System**

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, state and local employers contributed at a rate of 14 percent of covered payroll, and public safety and law enforcement employers contributed at 18.1 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 2 percent for 2014. The

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portion of employer contributions allocated to health care for members in the Combined Plan was 2 percent for 2014.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014, 2013, and 2012 were \$18,291, \$8,963, and \$35,369, respectively; 100 percent has been contributed for 2014 and 100 percent for 2013 and 2012.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

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

**Plan Description.** The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F's website at [www.op-f.org](http://www.op-f.org).

**Funding Policy.** The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for

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retiree health care benefits. The employer contribution allocated to the health care plan was .5% of covered payroll from January 1, 2014 thru December 31, 2014. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions to OP&F for the years ending December 31, 2014, 2013, and 2012 were \$1,469, \$9,654, and \$18,114, respectively. The full amount has been contributed for 2014, 2013, and 2012.

**NOTE 11 – DEBT**

The Village's long-term debt activity for the year ended December 31, 2014 was as follows:

	Interest Rate	Balance December 31, 2013	Additions	Reductions	Balance December 31, 2014	Due Within One Year
<b><u>Governmental Activities</u></b>						
General Obligation Bonds 2005	3.25-5%	\$1,390,000		\$1,295,000	\$95,000	\$95,000
General Obligation Bonds 2011	2.0-4.5%	2,690,000		165,000	2,525,000	170,000
General Obligation Bonds 2014			\$1,900,000		1,900,000	70,000
Promissory Note (Fire Truck)			548,400	11,794	536,606	48,017
State Infrastructure Bank Loan ( Williamstown Road)	0-3%		135,179		135,179	
State Infrastructure Bank Loan ( Putnam Parkway)	0-3%		178,729		178,729	
OWDA Loan #6643 (Lime Sludge)	0%		79,216		79,216	
OWDA Loan #6065 (Waterline/Meters)	2.0%	1,096,738		49,680	1,047,058	46,456
OPWC Loan - Storm Sewer	0%	75,180		30,072	45,108	30,072
<b>Total Governmental Activities</b>		<b>\$5,251,918</b>	<b>\$2,841,524</b>	<b>\$1,551,546</b>	<b>\$6,541,896</b>	<b>\$459,545</b>
<b><u>Business-type Activities</u></b>						
OPWC Loan – Pohl Sewer	0%	\$240,700		\$17,193	\$223,507	\$17,193
OPWC Loan – Street Pump	0%	105,993	\$9,262	2,881	112,374	5,676
OWDA Loan #2447 (WWTP)	4.12%	2,088,953		313,651	1,775,302	326,706
OWDA Loan #3790 (WTP)	3.15%	796,077		65,067	731,010	67,133
OWDA Loan #4380 (Pohl Water)	2.75%	554,814		36,039	518,775	37,037
OWDA Loan #4381 (Pohl Sewer)	2.75%	398,875		25,909	372,966	26,627
OWDA Loan #4570 (Tank)	2.84%	320,443		19,782	300,661	20,347
OWDA Loan #4783 (Bluffton)	2.75%	1,152,463		63,021	1,089,442	64,766
<b>Total Business-type Activities</b>		<b>\$5,658,318</b>	<b>\$9,262</b>	<b>\$543,543</b>	<b>\$5,124,037</b>	<b>\$565,572</b>

The general obligation bonds are supported by the full faith and credit of the Village and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

Proceeds from the 2014 bonds were used for the purpose of advance refunding of general obligation 2005 bonds and for future roadway improvements. The 2005 general obligation bonds were issued for

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the purpose of building the community learning center. The 2014 advance refunding bonds were issued for a total of \$1,900,000. This advance refunding was undertaken to reduce total debt service payments over the next 11 years by \$69,398 and resulting in an economic gain of \$79,870.

The bonds issued in 2011 were also issued under the Ohio Capital Asset Financing Program as Fractionalized Interests. The participants in this issue, besides the Village of Ottawa were: Village of Galena, City of Reading, Little Miami Joint Fire & Rescue District, City of Munroe Falls, City of Forest Park, and the Village of Silver Lake. The bonds issued on behalf of the Village of Ottawa will finance road improvement, road equipment, water improvement, and sewer equipment.

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

The State Infrastructure Bank loans were obtained through the Ohio Department of Taxation. These loans are for Williamstown Road and Putnam Parkway Road improvements. During 2014, the projects were not completed and therefore the entire loan amounts had not been utilized. Consequently, the loans have not been closed and final amortization schedules are unavailable. The loans will be repaid in semiannual installments over 10 years, but are not included in the accompanying amortization schedule. These loans will be repaid with income tax receipts.

The Ohio Public Works Commission 0% loans relate to a storm sewer project, street pump, and sanitary sewer extension. The storm sewer loan will be repaid in semiannual installments of \$15,036 over 20 years. Income tax revenues are the dedicated source of repayment for this loan. The street pump loan will be repaid in semiannual installments of \$2,881 over 20 years. Sewer revenues are the dedicated source of repayment for this loan. The sanitary sewer extension loan will be repaid in semiannual installments of \$8,596 over 20 years. Sewer revenues are the dedicated source of repayment for this loan.

The Ohio Water Development Authority (OWDA) loan #6643 is for a lime sludge project. During 2014, the project was not completed and therefore the entire loan amount had not been utilized. Consequently, the loan has not been closed and a final amortization schedule is unavailable. The loan is not included in the accompanying amortization schedule.

The Ohio Water Development Authority (OWDA) loan #2447 for the wastewater treatment plant improvements relates to a sewer system expansion project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments including interest, over 20 years. Sewer receipts secure the loan.

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

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

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

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

**VILLAGE OF OTTAWA  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

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

The OWDA loan #6065 is for waterline and meter replacement in the amount of \$1,165,321. The loan will be repaid in semiannual installments over 20 years, and will be repaid with water receipts.

The following is a summary of the Village's future annual debt service requirements:

Year	G.O. Bonds		OWDA Loans	
	Principal	Interest	Principal	Interest
2015	\$335,000	\$154,741	\$589,072	\$154,313
2016	335,000	143,663	612,444	154,210
2017	345,000	132,838	634,064	132,589
2018	370,000	121,695	656,483	110,169
2019	380,000	109,632	679,732	86,922
2020 – 2024	2,055,000	345,564	1,556,985	248,870
2025 – 2029	700,000	38,650	904,399	68,703
2030-- 2034			202,035	7,130
Totals	<u>\$4,520,000</u>	<u>\$1,046,783</u>	<u>\$5,835,214</u>	<u>\$962,906</u>

Year	Promissory Note		OPWC Loans
	Principal	Interest	Interest
2015	\$48,017	\$15,659	\$53,028
2016	49,461	14,215	37,992
2017	51,028	12,648	22,956
2018	52,602	11,074	22,956
2019	54,224	9,452	22,955
2020 – 2024	281,274	21,185	114,778
2025 -- 2029			80,392
2030 – 2034			25,932
Totals	<u>\$536,606</u>	<u>\$84,233</u>	<u>\$380,989</u>

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2014, were an overall debt margin of \$4,825,093 and an unvoted debt margin of \$374,049.

**NOTE 12 – LEASE**

The Village entered a lease-purchase agreement on September 15, 2014 with Key Government Finance for a sewer camera system valued at \$172,090. The Village disbursed \$50,000 to pay lease costs for the year ended December 31, 2014. Future lease payments including interest are as follows:

<u>Year</u>	<u>Amount</u>
2015	\$26,652
2016	26,652
2017	26,652

**VILLAGE OF OTTAWA  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

2018	26,652
2019	<u>26,652</u>
Totals	<u>\$133,260</u>

**NOTE 13 – CONSTRUCTION AND CONTRACTUAL COMMITMENTS**

<u>Vendor/Project</u>	<u>Contract Amount</u>	<u>Balance Outstanding 12/31/14</u>
Utility Services 1 Year for Water Tank Maintenance (3 <sup>rd</sup> year of 6-year Program)	\$214,736	\$214,736
Utility Services Install TRS System (3 <sup>rd</sup> year of 6-year Program)	\$249,484	\$249,484
Vernon Nagel, Inc. West Ottawa Pump Station Project	\$506,261	\$506,261
Putnam County YMCA Donation (11 <sup>th</sup> year of 15-year Commitment)	\$1,500,000	\$356,817

**NOTE 14 – CONTINGENT LIABILITIES**

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

**NOTE 15 – SUBSEQUENT EVENTS**

On February 23, 2015, the Village accepted a proposal from Tideflex Technologies in the amount of \$51,050 for components for the diffused aeration and mixing system related to the Wastewater Treatment Plant Digester Aerator Replacement Project.

On March 28, 2015, the Village entered into contracts with Ward Construction in an amount not to exceed \$50,000 for Catch Basin Projects 2015; Ward Construction in an amount not to exceed \$50,000 for Miscellaneous Concrete Projects 2015; and Morlock Asphalt Ltd. in an amount not to exceed \$300,000 for Street Projects 2015.

On April 27, 2015, the Village accepted a proposal from Ohio Cat for a caterpillar wheel loader in the amount of \$103,306.

On June 8, 2015, the Village entered into a contract with Hohenbrink Excavating, LLC in the amount of \$93,911 for the Buckeye Street Improvements Project.

On June 22, 2015, the Village accepted a proposal from Kahle Electric, Inc. in the amount of \$79,622 for material and labor necessary for installation of street lighting on Putnam Parkway.

On July 13, 2015, the Village accepted a proposal from Hohenbrink Excavating, LLC in the amount of \$108,063 for the Fair Avenue Improvement Project.

**VILLAGE OF OTTAWA  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

On August 24, 2015, the Village accepted a proposal from M-Tech Company in the amount of \$240,809 for the purchase of a VT651 street sweeper, and from Ohio CAT in the amount of \$119,002 for the purchase of a 926M wheel loader.

**NOTE 16 – FUND BALANCES**

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other funds are presented as follows:

	General Fund	Income Tax Fund	Bond Series 2014 Fund	HMPG Phase 2 Fund	Other Governmental Funds	Total Governmental Funds
Restricted for:						
Road Improvement			\$600,000		\$572,898	\$1,172,898
Disaster				\$334,270	13,539	347,809
Drug & Alcohol Enforcement					5,489	5,489
Fire Operations					125,638	125,638
Debt Service		\$15,036			1,605	16,641
Basic Utility					3,563	3,563
<b>Total Restricted</b>		<b>15,036</b>	<b>600,000</b>	<b>334,270</b>	<b>722,732</b>	<b>1,672,038</b>
Committed for:						
General Govt		824				824
Capital Outlay		216,660				216,660
Debt Service						
General		2,202,825				2,202,825
Police		5,249				5,249
<b>Total Committed</b>		<b>2,421,558</b>				<b>2,421,558</b>
Assigned for:						
General Govt	\$4,699					4,699
Community	6,590					6,590
Recreation	1,635					1,635
Fire Operations	3,416					3,416
Economic Dev	1,195					1,195
Subsequent Year Budget	1,362,834					1,362,834
<b>Total Assigned</b>	<b>1,380,369</b>					<b>1,380,369</b>
Unassigned	421,006					421,006
<b>Total Fund Balance</b>	<b>\$1,801,375</b>	<b>\$2,436,594</b>	<b>\$600,000</b>	<b>\$334,270</b>	<b>\$722,732</b>	<b>\$5,894,971</b>

**NOTE 17 – INTERFUND ADVANCES**

During 2014 the following advances were made:

**VILLAGE OF OTTAWA  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

		Advances Out			
		General	FEMA Flood	Sewer	Total
Advances In	Governmental Funds:				
	FEMA Flood	\$11,810		\$62,124	\$73,934
	Business Type Funds				
	Sewer		\$325,367		325,367
	Total	<u>\$11,810</u>	<u>\$325,367</u>	<u>\$62,124</u>	<u>\$399,301</u>

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**VILLAGE OF OTTAWA  
PUTNAM COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2014**

<b>FEDERAL GRANTOR</b>	Federal	Pass Through	
<i>Pass Through Grantor</i>	CFDA	Entity	
Program Title	Number	Number	Disbursements
<b>UNITED STATES DEPARTMENT OF HOMELAND SECURITY</b>			
<i>Direct Program</i>			
Assistance to Firefighters Grant	97.044	EMW-2010-FR-00374	\$76
<i>Passed Through Ohio Emergency Management Agency</i>			
Disaster Grants - Public Assistance	97.036	FEMA-1720-DR-137-58982	58,158
Hazard Mitigation Grant	97.039	FEMA-DR-4002.10-OH	418,327
Hazard Mitigation Grant	97.039	FEMA-DR-4077.11R-OH	331,107
Hazard Mitigation Grant	97.039	FEMA-DR-4098.2-R-OH	171,540
Total Hazard Mitigation Grant			<u>920,974</u>
<b>Total</b>			<b><u><u>\$979,208</u></u></b>

See accompanying notes to the basic financial statements

**VILLAGE OF OTTAWA  
PUTNAM COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Village of Ottawa's (the Village's) federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.

**NOTE B - MATCHING REQUIREMENTS**

Certain Federal programs require the Village to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Village has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



# Dave Yost • Auditor of State

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

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

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Ottawa, Putnam County, Ohio (the Village), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated September 1, 2015, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Entity's Response to Findings***

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

September 1, 2015



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Village Council:

### ***Report on Compliance for the Major Federal Program***

We have audited the Village of Ottawa, Putnam County, Ohio's (the Village) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Village of Ottawa's major federal program for the year ended December 31, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Village's major federal program.

### ***Management's Responsibility***

The Village's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the Village's compliance for the Village's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Village's major program. However, our audit does not provide a legal determination of the Village's compliance.

### ***Opinion on the Major Federal Program***

In our opinion, the Village of Ottawa, Putnam County, Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2014.

### ***Report on Internal Control Over Compliance***

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Village's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Village's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

September 1, 2015

**VILLAGE OF OTTAWA**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**DECEMBER 31, 2014**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Hazard Mitigation Grant Program CFDA #97.039
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2014-001**

**Material Weakness - Financial Reporting**

Accurate financial reporting is the responsibility of Village management and is essential to ensure the information provided to the readers of the financial statements accurately reflects the Village's activity. The Village lacked a policy regarding financial review which contributed to material posting discrepancies such as the following, occurring without detection:

- The Net Position in the Governmental Type Activities was not properly classified per Government Accounting Standards Board No. 54, Fund Balance Reporting and Governmental Fund Type Definitions as of December 31 2014. As a result, the restricted net position was overstated and unrestricted net position was understated by \$2,421,558.
- The 2014 bond refinancing costs, in the amount of \$1,257,895 in the Bond Series 2014 Fund and Governmental Type Activities, were incorrectly posted as interest and fiscal charges instead of payment to bond escrow.
- As of December 31, 2014, \$622,274 of assigned fund balance was not properly classified per Government Accounting Standards Board No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, resulting in assigned fund balance being understated and unassigned fund balance being overstated in the General Fund.
- Note proceeds in the amount of \$548,400 were incorrectly posted as other debt proceeds in the General Fund and Governmental Type Activities.

The accompanying financial statements have been adjusted to correct these and thirteen other audit adjustments.

To ensure the Village's financial statements and notes to the financial statements are complete and accurate, Council should adopt policies and procedures, including a final review of the financial statements, and notes to the financial statements to identify and correct errors and omissions.

**Officials' Response:**

The Village of Ottawa will follow this guidance in the future. The Village utilizes the Uniform Accounting Network provided by the Ohio Auditor of State's for accounting software. This software does not have an account for payment to bond escrow. Also, both note proceeds and other debt proceeds are listed as Other Financing Sources on the financial statement.

**3. FINDINGS FOR FEDERAL AWARDS**

None



# Dave Yost • Auditor of State

VILLAGE OF OTTAWA

PUTNAM COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
SEPTEMBER 22, 2015