

VILLAGE OF OAK HARBOR

OTTAWA COUNTY, OHIO

AUDIT REPORT

For the years ended December 31, 2015 and 2014



Dave Yost • Auditor of State

Village Council
Village of Oak Harbor
146 Church Street
Oak Harbor, Ohio 43449

We have reviewed the *Independent Auditors' Report* of the Village of Oak Harbor, Ottawa County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2014 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 11, 2016

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VILLAGE OF OAK HARBOR
OTTAWA COUNTY, OHIO
Audit Report
For the Years Ending December 31, 2015 and 2014

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

INDEPENDENT AUDITORS' REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Oak Harbor, Ottawa County, Ohio (the Village), as of and for the year ended December 31, 2015 and 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.

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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 Oak Harbor, Ottawa County, Ohio, as of December 31, 2015 and 2014, and the respective changes in cash financial position and the budgetary comparison for the General thereof for the years 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.

Emphasis of Matter

As discussed in Note 15 to the financial statements, during 2015, the Village adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Other Information

We applied no procedures to Management's Discussion & Analysis as listed in the table of contents. 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 May 20, 2016, 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.



Charles E. Harris & Associates, Inc.
May 20, 2016

Village of Oak Harbor
Ottawa County
Management's Discussion and Analysis
For the Years Ended December 31, 2015 and 2014
Unaudited

The discussion and analysis of the Village of Oak Harbor's (the Village) financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2015 and 2014, within the limitations of the Village's cash basis of accounting. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Village's financial performance.

Financial Highlights

Key financial highlights for 2015 and 2014 are as follows:

Overall:

- For governmental activities in 2015, net position decreased \$4,094 and for business-type activities, net position decreased \$124,035 from 2014.
- For 2015, general receipts accounted for \$1,108,566 in receipts or 80 percent of all governmental receipts. Program specific receipts in the form of charges for services and sales, grants, contributions and interest accounted for \$272,374 or 20 percent of total governmental receipts of \$1,380,940.
- For 2015, the Village had \$1,385,034 in disbursements related to governmental activities; only \$272,374 of these disbursements were offset by program specific charges for services, grants, contributions or interest. General receipts (primarily municipal taxes) of \$1,108,566 were not adequate to provide for these programs.
- For 2015, the general fund had \$1,105,117 in receipts and \$1,066,459 in disbursements. The General Fund's fund balance increased to \$533,051 from \$494,393.
- For 2015 business-type activities, program receipts were \$5,164,177. These were not adequate to offset disbursements of \$5,993,087.
- For governmental activities in 2014, net position decreased \$44,680 and for business-type activities, net position decreased \$124,136 from 2013.
- For 2014, general receipts accounted for \$1,104,166 in receipts or 80 percent of all governmental receipts. Program specific receipts in the form of charges for services and sales, grants, contributions and interest accounted for \$284,204 or 20 percent of total governmental receipts of \$1,388,370.
- For 2014, the Village had \$1,433,050 in disbursements related to governmental activities; only \$284,204 of these disbursements were offset by program specific charges for services, grants, contributions or interest. General receipts (primarily municipal taxes and loan proceeds) of \$1,104,166 were not adequate to provide for these programs.
- For 2014, the general fund had \$1,085,198 in receipts and \$1,239,431 in disbursements. The General Fund's fund balance decreased to \$494,393 from \$648,626.

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- For 2014 business-type activities, program receipts were \$5,104,607. These were not adequate to offset disbursements of \$5,262,306.

Using these Cash Basis Financial Statements

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

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

Reporting the Village as a Whole

Statement of Net Position and the Statement of Activities

The statements of net position and the statements of activities reflect how the Village did financially during 2015 and 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 activities. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

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

In the Statement of Net Position and the Statement of Activities, the Village has two kinds of activities:

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

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Reporting the Village's Most Significant Funds

Fund Financial Statements

The analysis of the Village's major funds begins on page 12. Fund financial statements provide detailed information about the Village's major funds. The Village uses many funds to account for a multitude of financial transactions. However, these financial statements focus on the Village's most significant funds. The Village's major governmental fund is the General Fund. The Village's major proprietary funds are the Water Fund, Sewer Fund and Electric Fund.

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

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

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

The Village as a Whole

Table 1 provides a summary of the Village's net position for 2015 compared to 2014 on the cash basis:

Table 1

	Governmental Activities		Business-Type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Assets:						
Cash and investments	\$ 1,084,791	\$ 1,088,885	\$ 3,575,538	\$ 3,699,573	\$ 4,660,329	\$ 4,788,458
<i>Total Assets</i>	<u>1,084,791</u>	<u>1,088,885</u>	<u>3,575,538</u>	<u>3,699,573</u>	<u>4,660,329</u>	<u>4,788,458</u>
Net Position:						
Restricted						
Other purposes	407,679	363,760	-	-	407,679	363,760
Unrestricted	<u>677,112</u>	<u>725,125</u>	<u>3,575,538</u>	<u>3,699,573</u>	<u>4,252,650</u>	<u>4,424,698</u>
<i>Total Net Position</i>	<u>\$ 1,084,791</u>	<u>\$ 1,088,885</u>	<u>\$ 3,575,538</u>	<u>\$ 3,699,573</u>	<u>\$ 4,660,329</u>	<u>\$ 4,788,458</u>

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Table 2 provides a summary of the Village's net position for 2014 compared to 2013 on the cash basis:

	Table 2					
	Governmental Activities		Business-Type Activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Assets:						
Cash and investments	\$ 1,088,885	\$ 1,133,565	\$ 3,699,573	\$ 3,823,709	\$ 4,788,458	\$ 4,957,274
<i>Total Assets</i>	<u>1,088,885</u>	<u>1,133,565</u>	<u>3,699,573</u>	<u>3,823,709</u>	<u>4,788,458</u>	<u>4,957,274</u>
Net Position:						
Restricted						
Other purposes	363,760	263,384	-	-	363,760	263,384
Unrestricted	<u>725,125</u>	<u>870,181</u>	<u>3,699,573</u>	<u>3,823,709</u>	<u>4,424,698</u>	<u>4,693,890</u>
<i>Total Net Position</i>	<u>\$ 1,088,885</u>	<u>\$ 1,133,565</u>	<u>\$ 3,699,573</u>	<u>\$ 3,823,709</u>	<u>\$ 4,788,458</u>	<u>\$ 4,957,274</u>

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Table 3 shows the net changes in net position for 2015 and 2014:

	Governmental		Business-Type		Total	
	<u>Activities</u>		<u>Activities</u>			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Receipts:						
Program Receipts:						
Charges for services and sales	\$ 99,898	\$ 89,271	\$ 5,164,177	\$ 5,104,607	\$ 5,264,075	\$ 5,193,878
Operating grants, contributions and interest	172,476	194,933	-	-	172,476	194,933
General Receipts:						
Property taxes	223,578	234,358	-	-	223,578	234,358
Municipal income taxes	653,904	649,017	-	-	653,904	649,017
Grants and entitlements	61,320	62,647	-	-	61,320	62,647
Intergovernmental	-	-	324,600	-	324,600	-
OPWC loans issued	-	-	291,675	-	291,675	-
Interest	34,318	26,315	-	-	34,318	26,315
Sale of Capital Assets	2,300	3,480	88,600	5,454	90,900	8,934
Miscellaneous	114,135	109,307	-	28,109	114,135	137,416
Cable franchise fees	19,011	19,042	-	-	19,011	19,042
Total Receipts	<u>1,380,940</u>	<u>1,388,370</u>	<u>5,869,052</u>	<u>5,138,170</u>	<u>7,249,992</u>	<u>6,526,540</u>
Disbursements:						
Current:						
General government	188,025	241,196	-	-	188,025	241,196
Security of persons and property	664,903	686,952	-	-	664,903	686,952
Public health services	7,918	7,666	-	-	7,918	7,666
Leisure time activities	10,359	29,492	-	-	10,359	29,492
Community environment	1,160	2,241	-	-	1,160	2,241
Transportation	263,997	305,475	-	-	263,997	305,475
Capital outlay	232,731	141,158	-	-	232,731	141,158
Other	15,941	18,870	-	-	15,941	18,870
Water	-	-	1,926,077	965,460	1,926,077	965,460
Sewer	-	-	958,746	986,282	958,746	986,282
Electric	-	-	2,860,948	3,000,460	2,860,948	3,000,460
Storm drainage	-	-	238,939	302,007	238,939	302,007
Utilities deposit	-	-	8,377	8,097	8,377	8,097
Total Disbursements	<u>1,385,034</u>	<u>1,433,050</u>	<u>5,993,087</u>	<u>5,262,306</u>	<u>7,378,121</u>	<u>6,695,356</u>
Changes in Net Position	<u>\$ (4,094)</u>	<u>\$ (44,680)</u>	<u>\$ (124,035)</u>	<u>\$ (124,136)</u>	<u>\$ (128,129)</u>	<u>\$ (168,816)</u>

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Ottawa County
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Table 4 shows the net changes in net position for 2014 and 2013:

Table 4

	Governmental		Business-Type		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Receipts:						
Program Receipts:						
Charges for services and sales	\$ 89,271	\$ 86,323	\$ 5,104,607	\$ 4,954,292	\$ 5,193,878	\$ 5,040,615
Operating grants, contributions and interest	194,933	169,218	-	-	194,933	169,218
Capital grants and contributions	-	-	-	218,385	-	218,385
General Receipts:						
Property taxes	234,358	220,390	-	-	234,358	220,390
Municipal income taxes	649,017	640,876	-	-	649,017	640,876
Grants and entitlements	62,647	93,925	-	-	62,647	93,925
Interest	26,315	31,180	-	-	26,315	31,180
Miscellaneous	109,307	144,846	28,109	-	137,416	144,846
Sale of capital assets	3,480	-	5,454	-	8,934	-
Cable franchise fees	19,042	19,970	-	-	19,042	19,970
Total Receipts	<u>1,388,370</u>	<u>1,406,728</u>	<u>5,138,170</u>	<u>5,172,677</u>	<u>6,526,540</u>	<u>6,579,405</u>
Disbursements:						
Current:						
General government	241,196	249,279	-	-	241,196	249,279
Security of persons and property	686,952	664,801	-	-	686,952	664,801
Public health services	7,666	8,087	-	-	7,666	8,087
Leisure time activities	29,492	50,503	-	-	29,492	50,503
Community environment	2,241	2,258	-	-	2,241	2,258
Transportation	305,475	492,941	-	-	305,475	492,941
Capital outlay	141,158	145,829	-	-	141,158	145,829
Other	18,870	18,695	-	-	18,870	18,695
Water	-	-	965,460	1,384,077	965,460	1,384,077
Sewer	-	-	986,282	1,225,007	986,282	1,225,007
Electric	-	-	3,000,460	2,589,803	3,000,460	2,589,803
Strom drainage	-	-	302,007	463,460	302,007	463,460
Utilities deposit	-	-	8,097	8,206	8,097	8,206
Total Disbursements	<u>1,433,050</u>	<u>1,632,393</u>	<u>5,262,306</u>	<u>5,670,553</u>	<u>6,695,356</u>	<u>7,302,946</u>
Changes in Net Position	<u>\$ (44,680)</u>	<u>\$ (225,665)</u>	<u>\$ (124,136)</u>	<u>\$ (497,876)</u>	<u>\$ (168,816)</u>	<u>\$ (723,541)</u>

Governmental Activities

For 2015 and 2014, net position of the Village's governmental activities decreased by \$4,094 and \$44,680, respectively. For 2015, program receipts of \$272,374 and general receipts of \$1,108,566 were not adequate to offset governmental disbursements of \$1,385,034 and for 2014, program receipts of \$284,204 and general receipts of \$1,104,166 were not adequate to offset governmental disbursements of \$1,433,050.

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The primary sources of revenue for governmental activities are derived from property taxes and income taxes. For 2015 and 2014, these two revenue sources represent 64 percent and 64 percent, respectively, of total governmental receipts.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 5 shows, for governmental activities, the total cost of services and the net cost of services for 2015, 2014 and 2013. That is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlement.

Table 5

	2015		2014		2013	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
<i>Governmental Activities:</i>						
General government	\$ 188,025	\$ (174,968)	\$ 241,196	\$ (229,830)	\$ 249,279	\$ (238,532)
Security of persons and property	664,903	(588,408)	686,952	(617,277)	664,801	(599,323)
Public health services	7,918	(7,918)	7,666	(7,666)	8,087	(8,087)
Leisure time activities	10,359	(10,359)	29,492	(29,492)	50,503	(50,503)
Community environment	1,160	3,041	2,241	(446)	2,258	1,648
Transportation	263,997	(86,876)	305,475	(105,007)	492,941	(318,131)
Capital outlay	232,731	(231,231)	141,158	(140,258)	145,829	(145,229)
Other	15,941	(15,941)	18,870	(18,870)	18,695	(18,695)
<i>Business-Type Activities:</i>						
Water	1,926,077	(842,973)	965,460	107,545	1,384,077	(140,535)
Sewer	958,746	124,429	986,282	115,162	1,225,007	(96,837)
Electric	2,860,948	(174,118)	3,000,460	(362,105)	2,589,803	(59,199)
Storm drainage	238,939	57,022	302,007	(25,526)	463,460	(209,985)
Utilities deposit	8,377	6,730	8,097	7,225	8,206	8,680
Total expenses	<u>\$ 7,378,121</u>	<u>\$ (1,941,570)</u>	<u>\$ 6,695,356</u>	<u>\$ (1,306,545)</u>	<u>\$ 7,302,946</u>	<u>\$ (1,874,728)</u>

For 2015 and 2014, only 26 percent and 26 percent, respectively, of general government activities were supported through program receipts. For all governmental activities, general receipts and prior year cash balance support the majority of disbursements as shown in the above table. The community, as a whole, is by far the primary support for the Village of Oak Harbor.

Business-type Activities

The dependence upon program receipts is apparent as 86 and 97 percent of business-type activities were supported through these receipts for 2015 and 2014, respectively. The infrastructure is beginning to age but the Village has ongoing maintenance projects to upgrade the infrastructure.

The Village's Funds

Information about the Village's major funds starts on page 12. These funds are accounted for using the cash basis of accounting. For 2015, governmental funds had total cash receipts of \$1,380,940 and cash expenditures of \$1,385,034. For 2014, governmental funds had total cash receipts of \$1,388,370 and cash expenditures of \$1,433,050. The net change in fund balance at year end was most significant in the General Fund, where the fund's balance increased by \$38,658 and decreased by \$154,233 for 2015 and 2014, respectively.

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General Fund Budgeting Highlights

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

During the course of 2015 and 2014, the Village amended its General Fund receipt budget numerous times. The Village uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

In 2015, the General Fund final budget basis receipts were \$1,105,117, the original estimate was \$1,092,825. Total actual expenditures on the budget basis (cash outlays plus encumbrances) were \$1,078,786, \$26,331 under receipts.

In 2014, the General Fund final budget basis receipts were \$1,180,626, the original estimate was \$1,180,626. Total actual expenditures on the budget basis (cash outlays plus encumbrances) were \$1,283,139, \$197,941 over receipts.

Capital Assets and Debt Administration

Capital Assets

The Village capital assets and infrastructure are not reflected in the accompanying financial statements.

Debt

At December 31, 2015 and 2014, the Village had \$5,840,978 and \$6,023,971, respectively, in OWDA and OPWC loans outstanding. These issues were used for improvements to the Village's water and sewer systems.

Current Financial Related Activities

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

Contacting the Village's Financial Management

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

Village of Oak Harbor
Ottawa County
Statement of Net Position - Cash Basis
December 31, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Equity in pooled cash and cash equivalents	\$ 1,084,791	\$ 3,575,538	\$ 4,660,329
Total assets	<u>1,084,791</u>	<u>3,575,538</u>	<u>4,660,329</u>
Net Position			
Restricted for:			
Other purposes	407,679	-	407,679
Unrestricted	<u>677,112</u>	<u>3,575,538</u>	<u>4,252,650</u>
Total net position	<u>\$ 1,084,791</u>	<u>\$ 3,575,538</u>	<u>\$ 4,660,329</u>

See accompanying notes to the financial statements.

Village of Oak Harbor
Ottawa County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2015

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
General government	\$ 188,025	\$ 13,057	\$ -	\$ (174,968)	\$ -	\$ (174,968)
Security of persons and property	664,903	76,495	-	(588,408)	-	(588,408)
Public health services	7,918	-	-	(7,918)	-	(7,918)
Leisure time activities	10,359	-	-	(10,359)	-	(10,359)
Community environment	1,160	4,201	-	3,041	-	3,041
Transportation	263,997	4,645	172,476	(86,876)	-	(86,876)
Capital outlay	232,731	1,500	-	(231,231)	-	(231,231)
Other	15,941	-	-	(15,941)	-	(15,941)
Total governmental activities	1,385,034	99,898	172,476	(1,112,660)	-	(1,112,660)
Business Type Activities						
Water	1,926,077	1,083,104	-	-	(842,973)	(842,973)
Sanitary Sewer	958,746	1,083,175	-	-	124,429	124,429
Electric	2,860,948	2,686,830	-	-	(174,118)	(174,118)
Storm Drainage	238,939	295,961	-	-	57,022	57,022
Utilities Deposit	8,377	15,107	-	-	6,730	6,730
Total business-type activities	5,993,087	5,164,177	-	-	(828,910)	(828,910)
Total government	\$ 7,378,121	\$ 5,264,075	\$ 172,476	(1,112,660)	(828,910)	(1,941,570)
General Receipts						
Municipal income taxes levied for:						
General purposes				653,904	-	653,904
Property taxes levied for:						
General purposes				127,096	-	127,096
Security of persons and property				96,482	-	96,482
Grants and entitlements not restricted						
to specific programs				61,320	-	61,320
Cable franchise fees				19,011	-	19,011
OPWC loans issued				-	291,675	291,675
Intergovernmental				-	324,600	324,600
Sale of capital assets				2,300	88,600	90,900
Interest				34,318	-	34,318
Miscellaneous				114,135	-	114,135
Total general receipts				1,108,566	704,875	1,813,441
Change in net position				(4,094)	(124,035)	(128,129)
Net position beginning of year				1,088,885	3,699,573	4,788,458
Net position end of year				<u>\$ 1,084,791</u>	<u>\$ 3,575,538</u>	<u>\$ 4,660,329</u>

Village of Oak Harbor
Ottawa County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2015

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in pooled cash and cash equivalent	\$ 533,051	\$ 551,740	\$ 1,084,791
Total assets	<u>\$ 533,051</u>	<u>\$ 551,740</u>	<u>\$ 1,084,791</u>
Fund Balances			
Restricted	-	407,679	407,679
Committed	-	144,061	144,061
Assigned	12,327	-	12,327
Unassigned	<u>520,724</u>	<u>-</u>	<u>520,724</u>
Total fund balances	<u>\$ 533,051</u>	<u>\$ 551,740</u>	<u>\$ 1,084,791</u>

See accompanying notes to the financial statements.

Village of Oak Harbor
Ottawa County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2015

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Municipal income taxes	\$ 653,904	\$ -	\$ 653,904
Property and other local taxes	127,096	96,482	223,578
Charges for services	84,333	720	85,053
Fines, licenses and permits	8,700	1,500	10,200
Intergovernmental	61,320	172,398	233,718
Cable franchise fees	19,011	-	19,011
Interest	34,318	4,723	39,041
Miscellaneous	114,135	-	114,135
Total receipts	1,102,817	275,823	1,378,640
Disbursements			
Current:			
General government	187,470	555	188,025
Security of persons and property	664,685	218	664,903
Public health services	7,918	-	7,918
Leisure time activities	10,359	-	10,359
Community environment	1,160	-	1,160
Transportation	154,698	109,299	263,997
Capital outlay	24,228	208,503	232,731
Total disbursements	1,050,518	318,575	1,369,093
Excess of receipts over (under) disbursemen	52,299	(42,752)	9,547
Other financing sources (uses)			
Sale of capital assets	2,300	-	2,300
Other financing uses	(15,941)	-	(15,941)
Total other financing sources (uses)	(13,641)	-	(13,641)
Net change in fund balance	38,658	(42,752)	(4,094)
Fund balances beginning of year	494,393	594,492	1,088,885
Fund balances end of year	<u>\$ 533,051</u>	<u>\$ 551,740</u>	<u>\$ 1,084,791</u>

See accompanying notes to the financial statements.

Village of Oak Harbor
Ottawa County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Municipal income taxes	\$ 565,000	\$ 565,000	\$ 653,904	\$ 88,904
Property and other local taxes	132,585	132,585	127,096	(5,489)
Charges for services	71,753	71,753	84,333	12,580
Fines, licenses and permits	4,985	4,985	8,700	3,715
Intergovernmental	146,002	146,002	61,320	(84,682)
Cable franchise fees	20,500	20,500	19,011	(1,489)
Interest	25,000	25,000	34,318	9,318
Miscellaneous	125,000	125,000	114,135	(10,865)
Total receipts	1,090,825	1,090,825	1,102,817	11,992
Disbursements				
Current:				
General government	217,978	204,644	192,353	12,291
Security of persons and property	687,000	691,121	667,316	23,805
Public health services	7,745	7,745	7,918	(173)
Leisure time activities	17,400	15,790	10,744	5,046
Community environment	2,200	2,350	1,160	1,190
Transportation	161,700	169,952	159,126	10,826
Capital outlay	200	26,788	24,228	2,560
Total disbursements	1,094,223	1,118,390	1,062,845	55,545
Excess of receipts over (under) disbursements	(3,398)	(27,565)	39,972	67,537
Other financing sources (uses)				
Sale of capital assets	2,000	2,000	2,300	300
Other financing uses	-	(18,225)	(15,941)	2,284
Total other financing sources (uses)	2,000	(16,225)	(13,641)	2,584
Net change in fund balance	(1,398)	(43,790)	26,331	70,121
Fund balance at beginning of year	450,685	450,685	450,685	-
Prior year encumbrances appropriated	43,708	43,708	43,708	-
Fund balance at end of year	\$ 492,995	\$ 450,603	\$ 520,724	\$ 70,121

See accompanying notes to the financial statements.

Village of Oak Harbor
Ottawa County
Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2015

	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Assets					
Equity in pooled cash and cash equivalents	\$ 664,412	\$ 676,878	\$ 1,969,538	\$ 264,710	\$ 3,575,538
Total assets	<u>\$ 664,412</u>	<u>\$ 676,878</u>	<u>\$ 1,969,538</u>	<u>\$ 264,710</u>	<u>\$ 3,575,538</u>
Net position					
Unrestricted	<u>\$ 664,412</u>	<u>\$ 676,878</u>	<u>\$ 1,969,538</u>	<u>\$ 264,710</u>	<u>\$ 3,575,538</u>
Total net position	<u><u>\$ 664,412</u></u>	<u><u>\$ 676,878</u></u>	<u><u>\$ 1,969,538</u></u>	<u><u>\$ 264,710</u></u>	<u><u>\$ 3,575,538</u></u>

See accompanying notes to the financial statements.

Village of Oak Harbor
Ottawa County
Statement of Receipts, Disbursements and Changes in Net Position - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2015

	Water	Sewer	Electric	Other Enterprise Funds	Total Enterprise Funds
Operating Receipts					
Charges for services	\$ 1,076,166	\$ 1,011,016	\$ 2,517,900	\$ 311,068	\$ 4,916,150
Other operating receipts	6,938	72,159	168,930	-	248,027
Total operating receipts	<u>1,083,104</u>	<u>1,083,175</u>	<u>2,686,830</u>	<u>311,068</u>	<u>5,164,177</u>
Operating Disbursements					
Personal services	156,181	249,809	274,232	-	680,222
Employee fringe benefits	60,607	109,298	119,861	-	289,766
Travel and transportation	169	9	1,365	-	1,543
Contractual services	710,678	100,351	2,130,651	-	2,941,680
Supplies and materials	41,457	50,946	50,440	-	142,843
Total operating disbursements	<u>969,092</u>	<u>510,413</u>	<u>2,576,549</u>	<u>-</u>	<u>4,056,054</u>
Operating income (loss)	114,012	572,762	110,281	311,068	1,108,123
Non-operating receipts (disbursements)					
Proceeds of OPWC loans	291,675	-	-	-	291,675
Intergovernmental	324,600	-	-	-	324,600
Sale of capital assets	88,600	-	-	-	88,600
Capital outlay	(955,790)	(19,227)	(284,399)	(450)	(1,259,866)
Principal retirement	-	(310,855)	-	(163,813)	(474,668)
Interest and fiscal charges	-	(118,251)	-	(74,676)	(192,927)
Other financing uses	(1,195)	-	-	(8,377)	(9,572)
Total non-operating receipts and disbursements	<u>(252,110)</u>	<u>(448,333)</u>	<u>(284,399)</u>	<u>(247,316)</u>	<u>(1,232,158)</u>
Change in net position	(138,098)	124,429	(174,118)	63,752	(124,035)
Net position beginning of year	<u>802,510</u>	<u>552,449</u>	<u>2,143,656</u>	<u>200,958</u>	<u>3,699,573</u>
Net position end of year	<u>\$ 664,412</u>	<u>\$ 676,878</u>	<u>\$ 1,969,538</u>	<u>\$ 264,710</u>	<u>\$ 3,575,538</u>

See accompanying notes to the financial statements.

Village of Oak Harbor
Ottawa County
Statement of Net Position - Cash Basis
December 31, 2014

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Equity in pooled cash and cash equivalents	\$ 1,088,885	\$ 3,699,573	\$ 4,788,458
Total assets	<u>1,088,885</u>	<u>3,699,573</u>	<u>4,788,458</u>
Net Position			
Restricted for:			
Other purposes	363,760	-	363,760
Unrestricted	<u>725,125</u>	<u>3,699,573</u>	<u>4,424,698</u>
Total net position	<u>\$ 1,088,885</u>	<u>\$ 3,699,573</u>	<u>\$ 4,788,458</u>

See accompanying notes to the financial statements.

Village of Oak Harbor
Ottawa County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2014

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position		
		Charges for Services and Sales	Operating Grants, Contributions, and Interest	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
General government	\$ 241,196	\$ 11,366	\$ -	\$ (229,830)	\$ -	\$ (229,830)
Security of persons and property	686,952	69,675	-	(617,277)	-	(617,277)
Public health services	7,666	-	-	(7,666)	-	(7,666)
Leisure time activities	29,492	-	-	(29,492)	-	(29,492)
Community environment	2,241	1,795	-	(446)	-	(446)
Transportation	305,475	5,535	194,933	(105,007)	-	(105,007)
Capital outlay	141,158	900	-	(140,258)	-	(140,258)
Other	18,870	-	-	(18,870)	-	(18,870)
Total governmental activities	1,433,050	89,271	194,933	(1,148,846)	-	(1,148,846)
Business Type Activities						
Water	965,460	1,073,005	-	-	107,545	107,545
Sanitary Sewer	986,282	1,101,444	-	-	115,162	115,162
Electric	3,000,460	2,638,355	-	-	(362,105)	(362,105)
Storm Drainage	302,007	276,481	-	-	(25,526)	(25,526)
Utilities Deposit	8,097	15,322	-	-	7,225	7,225
Total business-type activities	5,262,306	5,104,607	-	-	(157,699)	(157,699)
Total government	\$ 6,695,356	\$ 5,193,878	\$ 194,933	(1,148,846)	(157,699)	(1,306,545)
General Receipts						
Municipal income taxes levied for:						
General purposes				649,017	-	649,017
Property taxes levied for:						
General purposes				133,164	-	133,164
Security of persons and property				101,194	-	101,194
Grants and entitlements not restricted						
to specific programs				62,647	-	62,647
Cable franchise fees				19,042	-	19,042
Sale of capital assets				3,480	5,454	8,934
Interest				26,315	-	26,315
Miscellaneous				109,307	28,109	137,416
Total general receipts				1,104,166	33,563	1,137,729
Change in net position				(44,680)	(124,136)	(168,816)
Net position beginning of year				1,133,565	3,823,709	4,957,274
Net position end of year				\$ 1,088,885	\$ 3,699,573	\$ 4,788,458

See accompanying notes to the financial statements.

Village of Oak Harbor
Ottawa County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2014

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in pooled cash and cash equivalents	\$ 494,393	\$ 594,492	\$ 1,088,885
Total assets	<u>\$ 494,393</u>	<u>\$ 594,492</u>	<u>\$ 1,088,885</u>
Fund Balances			
Restricted	-	363,760	363,760
Committed	-	230,732	230,732
Assigned	43,708	-	43,708
Unassigned	<u>450,685</u>	<u>-</u>	<u>450,685</u>
Total fund balances	<u>\$ 494,393</u>	<u>\$ 594,492</u>	<u>\$ 1,088,885</u>

See accompanying notes to the financial statements.

Village of Oak Harbor
Ottawa County

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

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Municipal income taxes	\$ 649,017	\$ -	\$ 649,017
Property and other local taxes	133,164	101,194	234,358
Charges for services	77,851	-	77,851
Fines, licenses and permits	4,375	1,510	5,885
Intergovernmental	62,647	194,867	257,514
Special assessments	-	5,535	5,535
Cable franchise fees	19,042	-	19,042
Gifts and contributions	471	-	471
Interest	26,315	66	26,381
Miscellaneous	108,836	-	108,836
Total receipts	1,081,718	303,172	1,384,890
Disbursements			
Current:			
General government	240,736	460	241,196
Security of persons and property	686,789	163	686,952
Public health services	7,666	-	7,666
Leisure time activities	29,492	-	29,492
Community environment	2,241	-	2,241
Transportation	175,610	129,865	305,475
Capital outlay	46,027	95,131	141,158
Total disbursements	1,188,561	225,619	1,414,180
Excess of receipts over (under) disbursements	(106,843)	77,553	(29,290)
Other financing sources (uses)			
Sale of capital assets	3,480	-	3,480
Transfers in	-	32,000	32,000
Transfers out	(32,000)	-	(32,000)
Other financing uses	(18,870)	-	(18,870)
Total other financing sources (uses)	(47,390)	32,000	(15,390)
Net change in fund balance	(154,233)	109,553	(44,680)
Fund balances beginning of year	648,626	484,939	1,133,565
Fund balances end of year	\$ 494,393	\$ 594,492	\$ 1,088,885

See accompanying notes to the financial statements.

Village of Oak Harbor
Ottawa County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Municipal income taxes	\$ 707,161	\$ 707,161	\$ 649,017	\$ (58,144)
Property and other local taxes	145,094	145,094	133,164	(11,930)
Charges for services	84,825	84,825	77,851	(6,974)
Fines, licenses and permits	4,767	4,767	4,375	(392)
Intergovernmental	68,259	68,259	62,647	(5,612)
Cable franchise fees	20,748	20,748	19,042	(1,706)
Gifts and contributions	513	513	471	(42)
Interest	28,672	28,672	26,315	(2,357)
Miscellaneous	118,586	118,586	108,836	(9,750)
Total receipts	<u>1,178,626</u>	<u>1,178,626</u>	<u>1,081,718</u>	<u>(96,908)</u>
Disbursements				
Current:				
General government	313,621	325,448	245,943	79,505
Security of persons and property	738,821	741,053	690,910	50,143
Public health services	7,666	7,666	7,666	-
Leisure time activities	65,395	66,707	30,282	36,425
Community environment	8,750	9,833	2,391	7,442
Transportation	259,737	267,979	182,262	85,717
Capital outlay	323,608	324,508	72,815	251,693
Total disbursements	<u>1,717,598</u>	<u>1,743,194</u>	<u>1,232,269</u>	<u>510,925</u>
Excess of receipts over (under) disbursements	(538,972)	(564,568)	(150,551)	414,017
Other financing sources (uses)				
Sale of capital assets	2,000	3,480	3,480	-
Transfers out	(62,000)	(62,000)	(32,000)	30,000
Other financing uses	(20,000)	(20,000)	(18,870)	1,130
Total other financing sources (uses)	<u>(80,000)</u>	<u>(78,520)</u>	<u>(47,390)</u>	<u>31,130</u>
Net change in fund balance	(618,972)	(643,088)	(197,941)	445,147
Fund balance at beginning of year	627,280	627,280	627,280	-
Prior year encumbrances appropriated	21,346	21,346	21,346	-
Fund balance at end of year	<u>\$ 29,654</u>	<u>\$ 5,538</u>	<u>\$ 450,685</u>	<u>\$ 445,147</u>

See accompanying notes to the financial statements.

Village of Oak Harbor
Ottawa County
Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2014

	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Assets					
Equity in pooled cash and cash equivalents	\$ 802,510	\$ 552,449	\$ 2,143,656	\$ 200,958	\$ 3,699,573
Total assets	<u>\$ 802,510</u>	<u>\$ 552,449</u>	<u>\$ 2,143,656</u>	<u>\$ 200,958</u>	<u>\$ 3,699,573</u>
Net position					
Unrestricted	<u>\$ 802,510</u>	<u>\$ 552,449</u>	<u>\$ 2,143,656</u>	<u>\$ 200,958</u>	<u>\$ 3,699,573</u>
Total net position	<u><u>\$ 802,510</u></u>	<u><u>\$ 552,449</u></u>	<u><u>\$ 2,143,656</u></u>	<u><u>\$ 200,958</u></u>	<u><u>\$ 3,699,573</u></u>

See accompanying notes to the financial statements.

Village of Oak Harbor
Ottawa County
Statement of Cash Receipts, Disbursements and Changes in Net Position - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2014

	Water	Sewer	Electric	Other Enterprise Funds	Total Enterprise Funds
Operating Receipts					
Charges for services	\$ 1,070,879	\$ 1,027,389	\$ 2,517,582	\$ 291,803	\$ 4,907,653
Other operating receipts	2,126	74,055	120,773	-	196,954
Total operating receipts	<u>1,073,005</u>	<u>1,101,444</u>	<u>2,638,355</u>	<u>291,803</u>	<u>5,104,607</u>
Operating Disbursements					
Personal services	181,341	244,950	288,919	-	715,210
Employee fringe benefits	60,092	92,360	113,384	-	265,836
Travel and transportation	81	81	1,600	-	1,762
Contractual services	672,589	100,150	2,271,391	-	3,044,130
Supplies and materials	37,665	64,034	55,724	-	157,423
Total operating disbursements	<u>951,768</u>	<u>501,575</u>	<u>2,731,018</u>	<u>-</u>	<u>4,184,361</u>
Operating income (loss)	121,237	599,869	(92,663)	291,803	920,246
Non-operating receipts (disbursements)					
Refund of prior year expenses	-	11,299	-	16,810	28,109
Sale of capital assets	2,354	-	3,100	-	5,454
Capital outlay	(13,025)	(46,386)	(269,248)	(3,448)	(332,107)
Principal retirement	-	(307,903)	-	(193,453)	(501,356)
Interest and fiscal charges	-	(130,418)	-	(105,106)	(235,524)
Other financing uses	(667)	-	(194)	(8,097)	(8,958)
Total non-operating receipts and disbursements	<u>(11,338)</u>	<u>(473,408)</u>	<u>(266,342)</u>	<u>(293,294)</u>	<u>(1,044,382)</u>
Change in net position	109,899	126,461	(359,005)	(1,491)	(124,136)
Net position beginning of year	<u>692,611</u>	<u>425,988</u>	<u>2,502,661</u>	<u>202,449</u>	<u>3,823,709</u>
Net position end of year	<u>\$ 802,510</u>	<u>\$ 552,449</u>	<u>\$ 2,143,656</u>	<u>\$ 200,958</u>	<u>\$ 3,699,573</u>

See accompanying notes to the financial statements.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 1 – Reporting Entity

The Village of Oak Harbor, Ottawa County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village operates under a council/mayor form of government. Elected officials include six council members, a fiscal officer, and a mayor. The Village provides various services including police protection, recreation (including parks), street maintenance and repair, utility (including water, sewer and electric) and general administrative services.

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

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The primary government of the Village of Oak Harbor provides the following services to its citizens: police protection, parks and recreation, street maintenance and repairs, water, sewer and electric utilities. Council has direct responsibility for these services.

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 resource; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village does not have any component units.

Joint Ventures

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Village does not report assets for equity interests in joint ventures. The Village is a Non-Financing Participant and an Owner Participant with an ownership percentage of .79% and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). The Village is a Financing Participant with an ownership percentage of .64%, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). The Village is a participant in the American Municipal Power Generating Station Project (the "AMPGS Project"). For more information on joint ventures see Note 13.

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

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 2 – Summary of Significant Accounting Policies

As discussed further in the “Basis of Accounting” section of this note, 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. Following are the more significant of the Village’s accounting policies.

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.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. 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, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants required to be used to support 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 general receipts of the Village.

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.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 2 – Summary of Significant Accounting Policies (continued)

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. The funds of the Village are presented in two categories: governmental and proprietary.

Governmental Funds

Governmental funds are those through which most governmental functions of the Village are financed. The following is the Village's major governmental fund:

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

The other governmental funds of the Village account for and report grants and other resources, whose use is restricted, committed or assigned 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 funds.

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 following are the Village's major enterprise 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.

Electric Fund - This fund is used to record user charges for the costs of providing electric service to Village residents and businesses.

Basis of Accounting

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

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

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 2 – Summary of Significant Accounting Policies (continued)

Budgetary Process

All funds, except agency 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 Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriation were passed by the Village Council.

The 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 appropriations 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.

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

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

During 2015 and 2014, the Village invested in nonnegotiable certificates of deposit. Investments are reported at cost.

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 2015 and 2014 were \$34,318 and \$26,315, respectively, which includes \$30,514 and \$23,206, respectively, assigned from other Village funds.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 2 – Summary of Significant Accounting Policies (continued)

Restricted Assets

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

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.

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.

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.

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.

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for 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.

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 is reported at inception. Lease payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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.

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.

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

Interfund Transactions

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

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 2 – Summary of Significant Accounting Policies (continued)

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 - Fund Balances

Fund balance is 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 the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

2015	Other	Total
Fund Balances	Governmental	Governmental
	<u>Funds</u>	<u>Funds</u>
<u>Restricted for</u>		
Road Improvements	\$ 381,688	\$ 381,688
Police Operations	9,173	9,173
Other	16,818	16,818
Total restricted	<u>407,679</u>	<u>407,679</u>
<u>Committed to</u>		
Capital Improvements	125,730	125,730
Park Improvements	6,605	6,605
Other	11,726	11,726
Total committed	<u>144,061</u>	<u>144,061</u>
<u>Assigned</u>		
Encumbrances	12,327	12,327
Total assigned	<u>12,327</u>	<u>12,327</u>
Unassigned	520,724	520,724
Total fund balances	<u>\$ 533,051</u>	<u>\$ 1,084,791</u>

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 3 - Fund Balances (continued)

2014		Other Governmental Funds	Total Governmental Funds
Fund Balances	General		
<u>Restricted for</u>			
Road Improvements	\$ -	\$ 338,273	\$ 338,273
Police Operations	-	8,670	8,670
Other	-	16,817	16,817
Total restricted	<u>-</u>	<u>363,760</u>	<u>363,760</u>
<u>Committed to</u>			
Capital Improvements	-	213,346	213,346
Park Improvements	-	5,105	5,105
Other	-	12,281	12,281
Total committed	<u>-</u>	<u>230,732</u>	<u>230,732</u>
<u>Assigned</u>			
Encumbrances	43,708	-	43,708
Total assigned	<u>43,708</u>	<u>-</u>	<u>43,708</u>
Unassigned	<u>450,685</u>	<u>-</u>	<u>450,685</u>
Total fund balances	<u>\$ 494,393</u>	<u>\$ 594,492</u>	<u>\$ 1,088,885</u>

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 is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as assigned fund balance (cash basis). For 2015 and 2014, the outstanding encumbrances at year end (budgetary basis) amounted to \$12,327 and \$43,708, respectively, for the general fund.

Note 5 – Deposits and Investments

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

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

Inactive deposits are public deposits that Council has identified as not required for use within the current 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.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 5 – Deposits and Investments (continued)

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 may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two 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. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Village had \$3,975 in undeposited cash on hand, which is included on the Statement of Cash Basis Asset and Fund Balances of the Village as part of "Equity in Pooled Cash and Cash Equivalents" for 2015 and 2014.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 5 – Deposits and Investments (continued)

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 2015 and 2014, none of the Village’s bank balance of \$1,867,177 (including \$625,000 of non-negotiable certificates of deposit) and \$2,189,646 (including \$1,325,000 of non-negotiable certificates of deposit), respectively, was exposed to custodial credit risk because those deposits were uninsured but collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the Village’s name.

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

Investments

As of December 31, the Village had the following investments:

<u>Investment type</u>	<u>Maturity</u>	<u>2015 Fair Value</u>	<u>2014 Fair Value</u>
CDARS - US Bank	>5 years	\$ 2,811,000	\$ 3,361,000

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

Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. STAR Ohio carries a rating of AAAM by Standard and Poor’s. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Note 6 – Income Taxes

The Village levies a 1 percent income tax on substantially all income earned in the Village as well as certain income of residents earned outside the Village. Employers within the Village withhold income tax on employee compensation. Corporations and other individual taxpayers remit estimated taxes quarterly and file a declaration annually. In 2015 and 2014, the receipts were allocated to the general fund.

Note 7 – Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2015 for real and public utility property taxes represent collections of 2014 taxes.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 7 – Property Taxes (continued)

2015 real property taxes are levied after October 1, 2015, on the assessed value as of January 1, 2015, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2015 real property taxes are collected and intended to finance 2016.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility personal property currently is assessed at varying percentage of true value; public utility real property is assessed at 35 percent of true value. 2015 public utility property taxes which became a lien December 31, 2014, are levied after October 1, 2015, and are collected in 2016 real property taxes.

The full tax rates for all Village operations for the years ended December 31, 2015, were \$8.30 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2015 and 2014 property tax receipts were based are as follows:

	2015 <u>Collection Year</u>	2014 <u>Collection Year</u>
Real Property		
Residential and Agricultural	\$ 43,468,600	\$ 44,301,520
Public Utility	42,210	44,480
Tangible Personal Property		
Public Utility Personal	<u>448,350</u>	<u>429,840</u>
Total Assessed Value	<u>\$ 43,959,160</u>	<u>\$ 44,775,840</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

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.

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) – formerly known as the Ohio Government Risk Management Plan, (the “Plan), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 8 – Risk Management (continued)

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan’s property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014, respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlements did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014 (the latest information available).

	<u>2013</u>	<u>2014</u>
Assets	\$13,774,304	\$14,830,185
Liabilities	<u>(7,968,395)</u>	<u>(8,942,504)</u>
Members’ Equity	<u>\$5,805,909</u>	<u>\$5,887,681</u>

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

Note 9 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Plan Description – Village employees, other than full-time police, participate 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 and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Village employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, OH 43215-4642 or by calling (800) 222-7377.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 9 – Defined Benefit Pension Plans (continued)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	Formula:	Formula:
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 9 – Defined Benefit Pension Plans (continued)

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2014 & 2015 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2014 & 2015 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	14.0 %
 Employee	 10.0 %

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$148,990 for year 2015.

Ohio Police and Fire Pension Fund

Plan Description - Village full-time police participate in the Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement; normal, service comuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 9 – Defined Benefit Pension Plans (continued)

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost of living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent of the percent increase, if any, in the Consumer Price Index (CPI) over the 12 month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	2015 Police	2014 Police
2015 Statutory Maximum Contribution Rates		
Employer	19.50 %	19.50 %
Employee:		
January 1 through July 1	11.50 %	10.75 %
July 2 through December 31	12.25 %	11.50 %
2015 Actual Contribution Rates		
Employer:		
Pension	19.00 %	19.00 %
Post-employment Health Care Benefits	0.50 %	0.50 %
Total Employer	19.50 %	19.50 %
Employee:		
January 1 through July 1	11.50 %	11.50 %
July 2 through December 31	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Village's contractually required contribution to OPF was \$44,406 for 2015.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 10 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (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. The Combined Plan is 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, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying benefit recipients 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.

In order to qualify for post-employment health care coverage, aged-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 benefits is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2014 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide OPEB benefits to its eligible benefit recipients. Authority to establish and amend health care coverage is provided in 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, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their 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 earnable salary of active members. In 2015, the Village contributed at a rate of 14.00% of earnable salary for state and local employees. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund the OPEB Plan.

OPERS' Post-employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care. For 2015, the portion of employer contributions allocated to health care for members in the Traditional Pension and Combined plans was 2%. Effective January 1, 2015, the portion of employer contributions allocated to healthcare remains at 2% for both plans, as recommended by the OPERS' Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Actual employer contributions which were used to fund postemployment benefits for the years ended December 31, 2015, 2014, and 2013 were \$17,303, \$18,105, and \$11,487, respectively, 100% has been contributed for 2015, 2014, and 2013.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 10 - Postemployment Benefits (continued)

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 passage of pension obligation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4% of the employer contributions toward the health care fund after the end of the transition period.

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 post-employment health care plan administered by OP&F. OP&F provides health care 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 post-retirement health care coverage to 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 is 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.

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, 19.5% and 24% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24% of covered payroll for fire employer unit. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One fund is for health care benefits under an IRS Code Section 115 trust and one fund is 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 retiree health care benefits. The portion of employer contributions allocated to health care was .5% of covered payroll for 2015. 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.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 10 - Postemployment Benefits (continued)

The Village's contributions to OP&F allocated to the health care plan for the years ending December 31, 2015, 2014, and 2013 were \$1,904, \$1,901, and \$16,281 respectively. 100% has been contributed for 2015, 2014, and 2013.

Note 11 – Debt

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
Ohio Water Development Authority (OWDA) Loans:			
1999 Sludge Handling - 2166	5.56%	\$ 1,003,563	January 1, 2021
2007 Combined Sewer Overflow (CSO) - 4806	2.86%	5,916,611	January 1, 2029
2009 Supplemental CSO - 5212	2.93%	348,916	January 1, 2029
2011 CSO Basin Improvements - 5953	3.36 - 3.77%	976,324	January 1, 2023
Ohio Public Works Commission (OPWC) Loans:			
CE03R	0.00%	129,675	January 1, 2036

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

2015	Interest Rates	Balance at 1/1/2015	Increase	Decrease	Balance at 12/31/2015	Due in < 1 year
Business-Type Activities:						
O.P.W.C. Loans		\$ -	\$ 291,675	\$ -	\$ 291,675	\$ 3,242
O.W.D.A. Loans	2.86% to 5.56%	6,023,971	-	(474,668)	5,549,303	436,467
Total Long-term Obligations		<u>\$ 6,023,971</u>	<u>\$ 291,675</u>	<u>\$ (474,668)</u>	<u>\$ 5,840,978</u>	<u>\$ 439,709</u>
2014	Interest Rates	Balance at 1/1/2014	Increase	Decrease	Balance at 12/31/2014	Due in < 1 year
Business-Type Activities:						
O.W.D.A. Loans	2.86% to 5.56%	\$ 6,537,268	\$ -	\$ (513,297)	\$ 6,023,971	\$ 474,668
Total Long-term Obligations		<u>\$ 6,537,268</u>	<u>\$ -</u>	<u>\$ (513,297)</u>	<u>\$ 6,023,971</u>	<u>\$ 474,668</u>

The Ohio Water Development Authority Loans were used for improvements to the Village's water treatment and sewer treatment systems. Adjustments were made by OWDA to the principal balances of two loans during 2014 in the amount of \$11,941. The loans will be paid from user charges.

During 2015, the Village completed Phase II of the State Route 163 Waterline Replacement Project financed through the Ohio Public Works Commission totaling \$129,676 with 0% interest to be paid from user charges. The Village also began a second project financed through OPWC and received a total of \$162,000 during 2015. No amortization schedule is currently available for this loan.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 11 – Debt (continued)

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2015 are as follows:

Year Ending December 31:	OWDA Loans		OPWC Loans
	Principal	Interest	Principal
2016	\$ 220,517	\$ 87,048	\$ 3,242
2017	452,380	162,751	6,484
2018	467,972	147,158	6,484
2019	484,144	130,986	6,484
2020	500,919	114,212	6,484
2021 - 2025	2,053,494	352,114	32,419
2026 - 2030	1,369,877	79,582	32,419
2031 - 2035	-	-	32,419
2036	-	-	3,240
Total	\$ 5,549,303	\$ 1,073,851	\$ 129,675

Note 12 – Joint Ventures

AMP Generating Station (AMPGS) Project

The Village is a member of the American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 1,000 kilowatts of a total 771,281 kilowatts, giving the Village a .13 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share of the impaired costs at March 31, 2014 was \$172,840. The Village received a credit of \$47,283 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$45,225 related to the AMPGS costs deemed to have future benefit for the project participants, and payments made of \$57,039 leaving a net impaired cost estimate of \$23,293. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's payments. Since March 31, 2014 the Village has made payments of \$29,099 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$1,328 and interest expense incurred on AMP's line-of-credit of \$42, resulting in a net credit balance at December 31, 2015 of \$4,436.

The Village intends to absorb these costs.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 12 – Joint Ventures (continued)

OMEGA JV2

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

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

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net position will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. As of December 31, 2015, the outstanding debt was \$8,052,470. The Village's net investment in OMEGA JV2 was \$91,178 at December 31, 2015. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 12 – Joint Ventures (continued)

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2015 are:

<u>Municipality</u>	<u>Percent</u> <u>Ownership</u>	<u>Kw</u> <u>Entitlement</u>	<u>Municipality</u>	<u>Percent</u> <u>Ownership</u>	<u>Kw</u> <u>Entitlement</u>
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.49%	15,400	Monroeville	0.57%	764
Cuyahoga Falls	7.46%	10,000	Milan	0.55%	737
Wadsworth	5.81%	7,784	Oak Harbor	0.55%	737
Painesville	5.22%	7,000	Elmore	0.27%	364
Dover	5.22%	7,000	Jackson Center	0.22%	300
Galion	4.29%	5,753	Napoleon	0.20%	264
Amherst	3.73%	5,000	Lodi	0.16%	218
St. Mary's	2.98%	4,000	Genoa	0.15%	199
Montpelier	2.98%	4,000	Pemberville	0.15%	197
Shelby	1.89%	2,536	Lucas	0.12%	161
Versailles	1.24%	1,660	South Vienna	0.09%	123
Edgerton	1.09%	1,460	Bradner	0.09%	119
Yellow Springs	1.05%	1,408	Woodville	0.06%	81
Oberlin	0.91%	1,217	Haskins	0.05%	73
Pioneer	0.86%	1,158	Arcanum	0.03%	44
Seville	<u>0.79%</u>	<u>1,066</u>	Custar	<u>0.00%</u>	<u>4</u>
	<u>95.20%</u>	<u>127,640</u>		<u>4.80%</u>	<u>6,441</u>
			Grand Total	<u>100.00%</u>	<u>134,081</u>

Under the Village's cash basis of accounting, the equity interest in OMEGA JV2 is not reported as an asset in the accompanying cash basis financial statements.

OMEGA JV5

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

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

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

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 12 – Joint Ventures (continued)

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Management Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net position will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of the OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2015 the Village of Oak Harbor has met their debt coverage obligation.

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

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP-Ohio issued \$153,415,000 and \$13,899,981 respectively of the 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. Due to scheduled principal repayments, the resulting note receivable has been reduced at December 31, 2015 to \$49,803,187. AMP will continue to collect debt service from the OMEGA JV5 participants until the note is paid in full.

The Village's net investment to date in OMEGA JV5 was \$28,086 at December 31, 2015. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

Note 13 - Contingent Liabilities

Management believes there are no pending claims or lawsuits.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 14 - Interfund Transfers

Interfund transfers for the year ended December 31, 2014 consisted of the following:

Transfers To	Transfers From
	General
Other Governmental Funds	
Capital Improvements	\$ 30,000
Tree Fund	2,000
Total	\$ 32,000

The general fund transfers to the other governmental funds were made to provide additional resources for current operations and capital improvements. There were no transfers during 2015.

Note 15 – Change in Accounting Principle

For 2015, the Village implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of these pronouncements had no effect on the net position of the Village.

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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Oak Harbor, Ottawa County, (the Village) as of and for the years ended December 31, 2015 and 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 May 20, 2016, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles. We also noted the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 68, "*Accounting and Financial Reporting for Pensions.*"

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.

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 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.

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

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*.

However, we noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 20, 2016.

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.



Charles E. Harris & Associates, Inc.
May 20, 2016

**VILLAGE OF OAK HARBOR
OTTAWA COUNTY
STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

The prior audit report, for the years ending December 31, 2013 and 2012, reported no material citations or recommendations.

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Dave Yost • Auditor of State

VILLAGE OF OAK HARBOR

OTTAWA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 21, 2016