

VILLAGE OF OAK HARBOR
OTTAWA COUNTY, OHIO
AUDIT REPORT

For the Years Ended December 31, 2013 and 2012



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, 2012 through December 31, 2013. 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 29, 2014

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**VILLAGE OF OAK HARBOR
OTTAWA COUNTY, OHIO
Audit Report
For the Years Ending December 31, 2013 and 2012**

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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 financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Oak Harbor, Ottawa County, Ohio (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, 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, 2013 and 2012, and the changes in cash financial position and the budgetary comparison for the General Fund and Street Levy Fund 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, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the Village's financial statements that collectively comprise its basic financial statements. *Management's Discussion & Analysis* includes tables of net position, changes in net position and governmental activities. This information provides additional analysis and is not a required part of the basic financial statements.

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

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and 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 June 20, 2014, 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.
June 20, 2014

VILLAGE OF OAK HARBOR
Ottawa County, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2013 and 2012
(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, 2013 and 2012, 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 2013 and 2012 are as follows:

- For 2013 governmental activities, net position decreased \$225,665 which represents a 16.6% decrease from 2012. For 2012 governmental activities, net position increased \$58,154 which represents a 4.5% increase from 2011.
- For 2013 General receipts accounted for \$1,151,187 in receipts or 81.8% of all governmental receipts. Program specific receipts in the form of charges for services and sales, grants, contributions and interest accounted for \$255,541 or 18.2% of total governmental receipts of \$1,406,728. For 2012 General receipts accounted for \$1,260,331 in receipts or 83.2% of all governmental receipts. Program specific receipts in the form of charges for services and sales, grants, contributions and interest accounted for \$254,006 or 16.8% of total governmental receipts of \$1,514,337.
- In 2013, the Village had \$1,632,393 in disbursements related to governmental activities; only \$255,541 of these disbursements were offset by program specific charges for services, grants or contributions. General receipts (primarily municipal taxes) of \$1,151,187 were not adequate to provide for these programs. In 2012, the Village had \$1,456,183 in disbursements related to governmental activities; only \$254,006 of these disbursements were offset by program specific charges for services, grants or contributions. General receipts (primarily municipal taxes) of \$1,260,331 were adequate to provide for these programs.
- In 2013, among major funds, the general fund had \$1,135,712 in receipts and \$1,283,177 in disbursements. The general fund's fund balance decreased to \$648,626 from \$876,786. In 2012, among major funds, the general fund had \$1,245,951 in receipts and \$1,216,407 in disbursements. The general fund's fund balance decreased to \$876,786 from \$921,240.
- For 2013 business-type activities, program receipts were \$5,172,677. These helped offset disbursements of \$5,670,553. For 2012 business-type activities, program receipts were \$2,241,237. These helped offset disbursements of \$5,887,861.

Using these Basic Financial Statements

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

The *Statement of Net 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. In the case of the Village of Oak Harbor, the general fund, street levy fund and capital improvement fund by far are the most significant funds.

VILLAGE OF OAK HARBOR
Ottawa County, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2013 and 2012
(unaudited)

Reporting the Village as a Whole

Statement of Net Position and the Statement of Activities

The statement of net position and the statement of activities reflect how the Village did financially during 2013 and 2012, 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 those positions. 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 receipt growth, facility conditions, required educational programs 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.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the Village's major funds begins on page 8. Fund financial reports provide detailed information about the Village's major funds. The Village uses many funds to account for a multitude of financial transactions. However, these financial statements focus on the Village's most significant funds. The Village's major governmental funds are the general fund, street levy fund and capital improvement fund. The Village's major proprietary funds are the water fund, sanitary 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. The relationship (or difference) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is essentially the same on a cash basis.

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

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

VILLAGE OF OAK HARBOR
Ottawa County, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2013 and 2012
(unaudited)

The Village as a Whole

Table1 provides a summary of the Village's net position for 2013 compared to 2012 and 2012 compared to 2011 on the cash basis:

Table 1

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets:						
Cash and Investments	\$ 1,133,565	\$ 1,359,230	\$ 3,823,709	\$ 4,321,585	\$ 4,957,274	\$ 5,680,815
<i>Total Assets</i>	<u>1,133,565</u>	<u>1,359,230</u>	<u>3,823,709</u>	<u>4,321,585</u>	<u>4,957,274</u>	<u>5,680,815</u>
Net Position:						
Restricted for:						
Other Purposes	263,384	284,737	-	-	263,384	284,737
Unrestricted	870,181	1,074,493	3,823,709	4,321,585	4,693,890	5,396,078
<i>Total Net Position</i>	<u>\$ 1,133,565</u>	<u>\$ 1,359,230</u>	<u>\$ 3,823,709</u>	<u>\$ 4,321,585</u>	<u>\$ 4,957,274</u>	<u>\$ 5,680,815</u>

VILLAGE OF OAK HARBOR
Ottawa County, Ohio
Management's Discussion and Analysis
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(unaudited)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets:						
Cash and Investments	\$ 1,359,230	\$ 1,301,076	\$ 4,321,585	\$ 3,880,921	\$ 5,680,815	\$ 5,181,997
<i>Total Assets</i>	<u>1,359,230</u>	<u>1,301,076</u>	<u>4,321,585</u>	<u>3,880,921</u>	<u>5,680,815</u>	<u>5,181,997</u>
Net Position:						
Restricted for:						
Other Purposes	284,737	226,231	-	-	284,737	226,231
Unrestricted	<u>1,074,493</u>	<u>1,074,845</u>	<u>4,321,585</u>	<u>3,880,921</u>	<u>5,396,078</u>	<u>4,955,766</u>
<i>Total Net Position</i>	<u>\$ 1,359,230</u>	<u>\$ 1,301,076</u>	<u>\$ 4,321,585</u>	<u>\$ 3,880,921</u>	<u>\$ 5,680,815</u>	<u>\$ 5,181,997</u>

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The tables below show the net changes in net position for 2013, 2012 and 2011:

Table 2

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$ 86,323	\$ 95,146	\$ 4,954,292	\$ 5,041,515	\$ 5,040,615	\$ 5,136,661
Operating Grants and Contributions	169,218	158,860	-	-	169,218	158,860
Capital Grants and Contributions	-	-	218,385	199,722	218,385	199,722
General Receipts:						
Property Taxes	220,390	234,464	-	-	220,390	234,464
Municipal Income Taxes	640,876	639,168	-	-	640,876	639,168
Intergovernmental	93,925	173,713	-	-	93,925	173,713
Interest	31,180	75,473	-	-	31,180	75,473
Cable Franchise Fees	19,970	21,711	-	-	19,970	21,711
Proceeds of OWDA Loans	-	-	-	1,082,708	-	1,082,708
Sale of Capital Assets	-	8,023	-	4,580	-	12,603
Miscellaneous	144,846	107,779	-	-	144,846	107,779
Total Receipts	1,406,728	1,514,337	5,172,677	6,328,525	6,579,405	7,842,862
Disbursements:						
Current:						
General Government	249,279	264,962	-	-	249,279	264,962
Security of Persons and Property	664,801	651,771	-	-	664,801	651,771
Public Health Services	8,087	8,235	-	-	8,087	8,235
Leisure Time Activities	50,503	58,576	-	-	50,503	58,576
Community Environment	2,258	1,692	-	-	2,258	1,692
Transportation	492,941	371,362	-	-	492,941	371,362
Other	18,695	13,256	-	-	18,695	13,256
Capital Outlay	145,829	86,329	-	-	145,829	86,329
Water	-	-	1,384,077	870,666	1,384,077	870,666
Sanitary Sewer	-	-	1,225,007	2,372,055	1,225,007	2,372,055
Electric	-	-	2,589,803	2,332,349	2,589,803	2,332,349
Storm Drainage	-	-	463,460	298,090	463,460	298,090
Utilities Deposit	-	-	8,206	14,701	8,206	14,701
Total Disbursements	1,632,393	1,456,183	5,670,553	5,887,861	7,302,946	7,344,044
Changes in Net Position	\$ (225,665)	\$ 58,154	\$ (497,876)	\$ 440,664	\$ (723,541)	\$ 498,818

VILLAGE OF OAK HARBOR
Ottawa County, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2013 and 2012
(unaudited)

Table 2

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$ 95,146	\$ 93,234	\$ 5,041,515	\$ 4,694,037	\$ 5,136,661	\$ 4,787,271
Operating Grants and Contributions	158,860	181,446	-	-	158,860	181,446
Capital Grants and Contributions	-	4,508	199,722	-	199,722	4,508
General Receipts:						
Property Taxes	234,464	252,494	-	-	234,464	252,494
Municipal Income Taxes	639,168	612,724	-	-	639,168	612,724
Intergovernmental	173,713	156,902	-	-	173,713	156,902
Interest	75,473	87,708	-	-	75,473	87,708
Cable Franchise Fees	21,711	18,574	-	-	21,711	18,574
Proceeds of OWDA Loans	-	-	1,082,708	2,107	1,082,708	2,107
Sale of Capital Assets	8,023	885	4,580	-	12,603	885
Miscellaneous	107,779	110,226	-	-	107,779	110,226
Total Receipts	1,514,337	1,518,701	6,328,525	4,696,144	7,842,862	6,214,845
Disbursements:						
Current:						
General Government	264,962	228,662	-	-	264,962	228,662
Security of Persons and Property	651,771	629,699	-	-	651,771	629,699
Public Health Services	8,235	8,108	-	-	8,235	8,108
Leisure Time Activities	58,576	39,682	-	-	58,576	39,682
Community Environment	1,692	1,511	-	-	1,692	1,511
Transportation	371,362	404,221	-	-	371,362	404,221
Other	13,256	12,555	-	-	13,256	12,555
Capital Outlay	86,329	333,692	-	-	86,329	333,692
Water	-	-	870,666	804,013	870,666	804,013
Sanitary Sewer	-	-	2,372,055	928,094	2,372,055	928,094
Electric	-	-	2,332,349	2,898,899	2,332,349	2,898,899
Storm Drainage	-	-	298,090	302,491	298,090	302,491
Utilities Deposit	-	-	14,701	16,254	14,701	16,254
Total Disbursements	1,456,183	1,658,130	5,887,861	4,949,751	7,344,044	6,607,881
Changes in Net Position	\$ 58,154	\$ (139,429)	\$ 440,664	\$ (253,607)	\$ 498,818	\$ (393,036)

VILLAGE OF OAK HARBOR
Ottawa County, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2013 and 2012
(unaudited)

Governmental Activities

In 2013, net position of the Village's governmental activities decreased by \$225,665 or 16.6%. The governmental disbursements of \$1,632,393 were primarily offset by program receipts of \$255,541, general receipts of \$1,151,187 and the prior year cash balance. Program receipts supported 18.2% of the total governmental activities.

In 2012, net position of the Village's governmental activities increased by \$58,154 or 4.5%. The governmental disbursements of \$1,456,183 were primarily offset by program receipts of \$254,006, general receipts of \$1,260,331, and the prior year cash balance. Program receipts supported 16.8% of the total governmental activities.

The primary sources of receipt for governmental activities are derived from property taxes and income taxes. These two receipt sources represent 75% and 69% of total general receipts for 2013 and 2012 respectively.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for 2013 and 2012. That is, it identifies the cost of these services supported by tax receipt and unrestricted state entitlements.

Table 3
Total and Cost of Program Services

	Governmental Activities		Business Type Activities	
	2013		2013	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
General Government	\$ 249,279	\$ (238,532)	-	-
Security of Persons and Property	664,801	(599,323)	-	-
Public Health Services	8,087	(8,087)	-	-
Leisure Time Activities	50,503	(50,503)	-	-
Community Environment	2,258	1,648	-	-
Transportation	492,941	(318,131)	-	-
Capital Outlay	145,829	(145,229)	-	-
Other	18,695	(18,695)	-	-
Water	-	-	\$ 1,384,077	\$ (140,535)
Sanitary Sewer	-	-	1,225,007	(96,837)
Electric	-	-	2,589,803	(59,199)
Storm Drainage	-	-	463,460	(209,985)
Utilities Deposit	-	-	8,206	8,680
Total Expenses	\$ 1,632,393	\$ (1,376,852)	\$ 5,670,553	\$ (497,876)

VILLAGE OF OAK HARBOR
Ottawa County, Ohio
Management's Discussion and Analysis
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(unaudited)

	Governmental Activities		Business Type Activities	
	2012		2012	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
General Government	\$ 264,962	\$ (247,099)	-	-
Security of Persons and Property	651,771	(583,270)	-	-
Public Health Services	8,235	(8,235)	-	-
Leisure Time Activities	58,576	(58,552)	-	-
Community Environment	1,692	1,943	-	-
Transportation	371,362	(207,979)	-	-
Capital Outlay	86,329	(85,729)	-	-
Other	13,256	(13,256)	-	-
Water	-	-	\$ 870,666	\$ 140,587
Sanitary Sewer	-	-	2,372,055	(1,099,623)
Electric	-	-	2,332,349	371,816
Storm Drainage	-	-	298,090	(58,194)
Utilities Deposit	-	-	14,701	(1,210)
Total Expenses	\$ 1,456,183	\$ (1,202,177)	\$ 5,887,861	\$ (646,624)

As stated earlier for 2013 and 2012, only 18.2% and 16.2% respectively of general government activities were supported through program receipts. For all governmental activities, general receipt and prior year cash balance support is all 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 91% in 2013 and 89% in 2012 of business-type activities are supported through these receipts. 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.

In 2013, all governmental funds had total receipts of \$1,406,728 and expenditures of \$1,613,698. The net change in fund balance for the year was most significant in the general fund, where the fund balance decreased by \$228,160.

In 2012, all governmental funds had total receipts of \$1,506,314 and expenditures of \$1,442,927. The net change in fund balance for the year was most significant in the street levyfund, where the fund balance increased by \$74,980.

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 2013 and 2012 the Village did not amend its General Fund. The Village uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

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In 2013, the General Fund, budget basis receipts were \$1,135,479 and did not change from the original budget. Budget basis disbursements were \$1,824,007 and did not change from the original budget. Total actual expenditures on the budget basis (cash outlays plus encumbrances) were \$1,304,523, \$168,811 over receipts.

In 2012, the General Fund, budget basis receipts were \$1,719,304 and did not change from the original budget. Budget basis disbursements were \$1,962,012 and did not change from the original budget. Total actual expenditures on the budget basis (cash outlays plus encumbrances) were \$1,263,268, \$17,317 over receipts.

Capital Assets and Debt Administration

Capital Assets

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

Debt

At December 31, 2013, the Village had \$6,537,268 outstanding in OWDA loans. These issues were used for improvements to the Village's water and sewer systems. For further information regarding the Village's debt, refer to Note 11 to the basic financial statements.

Current Financial Related Activities

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

Contacting the District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information contact Debbie Carpenter, 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, 2013

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in pooled cash and cash equivalents	\$ 1,133,565	\$ 3,823,709	\$ 4,957,274
Net Position			
Restricted for:			
Other purposes	263,384	-	263,384
Unrestricted	870,181	3,823,709	4,693,890
Total net position	\$ 1,133,565	\$ 3,823,709	\$ 4,957,274

See accompanying notes to the financial statements.

Village of Oak Harbor
Ottawa County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2013

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position		Total
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Governmental Activities	Business-Type Activities	
Governmental Activities						
General government	\$ 249,279	\$ 10,747	\$ -	\$ (238,532)	\$ -	\$ (238,532)
Security of persons and property	664,801	65,478	-	(599,323)	-	(599,323)
Public health services	8,087	-	-	(8,087)	-	(8,087)
Leisure time activities	50,503	-	-	(50,503)	-	(50,503)
Community environment	2,258	3,906	-	1,648	-	1,648
Transportation	492,941	5,592	169,218	(318,131)	-	(318,131)
Capital outlay	145,829	600	-	(145,229)	-	(145,229)
Other	18,695	-	-	(18,695)	-	(18,695)
Total governmental activities	<u>1,632,393</u>	<u>86,323</u>	<u>169,218</u>	<u>(1,376,852)</u>	<u>-</u>	<u>(1,376,852)</u>
Business Type Activities						
Water	1,384,077	1,025,157	218,385	-	(140,535)	(140,535)
Sanitary Sewer	1,225,007	1,128,170	-	-	(96,837)	(96,837)
Electric	2,589,803	2,530,604	-	-	(59,199)	(59,199)
Storm Drainage	463,460	253,475	-	-	(209,985)	(209,985)
Utilities Deposit	8,206	16,886	-	-	8,680	8,680
Total business-type activities	<u>5,670,553</u>	<u>4,954,292</u>	<u>218,385</u>	<u>-</u>	<u>(497,876)</u>	<u>(497,876)</u>
Total government	<u>\$ 7,302,946</u>	<u>\$ 5,040,615</u>	<u>\$ 387,603</u>	<u>(1,376,852)</u>	<u>(497,876)</u>	<u>(1,874,728)</u>
General Receipts						
Municipal income taxes levied for:						
General purposes				640,876	-	640,876
Property taxes levied for:						
General purposes				125,534	-	125,534
Security of persons and property				94,856	-	94,856
Grants and entitlements not restricted						
to specific programs				93,925	-	93,925
Cable franchise fees				19,970	-	19,970
Interest				31,180	-	31,180
Miscellaneous				144,846	-	144,846
Total general receipts				<u>1,151,187</u>	<u>-</u>	<u>1,151,187</u>
Change in net position				(225,665)	(497,876)	(723,541)
Net position beginning of year				<u>1,359,230</u>	<u>4,321,585</u>	<u>5,680,815</u>
Net position end of year				<u>\$ 1,133,565</u>	<u>\$ 3,823,709</u>	<u>\$ 4,957,274</u>

Village of Oak Harbor
Ottawa County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2013

	<u>General</u>	<u>Street Levy</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in pooled cash and cash equivalents	\$ 648,626	\$ 162,260	\$ 206,609	\$ 116,070	\$ 1,133,565
Fund Balances					
Restricted	-	162,260	-	101,124	263,384
Committed	-	-	206,609	14,946	221,555
Assigned	21,346	-	-	-	21,346
Unassigned	627,280	-	-	-	627,280
Total fund balances	<u>\$ 648,626</u>	<u>\$ 162,260</u>	<u>\$ 206,609</u>	<u>\$ 116,070</u>	<u>\$ 1,133,565</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, 2013

	General	Street Levy	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Receipts					
Municipal income taxes	\$ 640,876	\$ -	\$ -	\$ -	\$ 640,876
Property and other local taxes	125,534	94,856	-	-	220,390
Charges for services	72,273	-	-	-	72,273
Fines, licenses and permits	7,108	-	-	1,350	8,458
Intergovernmental	93,925	17,351	-	151,637	262,913
Special assessments	-	5,591	-	-	5,591
Cable franchise fees	19,970	-	-	-	19,970
Gifts and contributions	29,448	-	-	-	29,448
Interest	31,180	-	-	231	31,411
Miscellaneous	115,398	-	-	-	115,398
Total receipts	1,135,712	117,798	-	153,218	1,406,728
Disbursements					
Current:					
General government	248,618	-	-	661	249,279
Security of persons and property	664,646	-	-	155	664,801
Public health services	8,087	-	-	-	8,087
Leisure time activities	50,503	-	-	-	50,503
Community environment	2,258	-	-	-	2,258
Transportation	202,542	137,604	-	152,795	492,941
Capital outlay	106,523	-	37,945	1,361	145,829
Total disbursements	1,283,177	137,604	37,945	154,972	1,613,698
Excess of receipts under disbursements	(147,465)	(19,806)	(37,945)	(1,754)	(206,970)
Other financing sources (uses)					
Transfers in	-	-	60,000	2,000	62,000
Transfers out	(62,000)	-	-	-	(62,000)
Other financing uses	(18,695)	-	-	-	(18,695)
Total other financing sources (uses)	(80,695)	-	60,000	2,000	(18,695)
Net change in fund balance	(228,160)	(19,806)	22,055	246	(225,665)
Fund balances beginning of year	876,786	182,066	184,554	115,824	1,359,230
Fund balances end of year	<u>\$ 648,626</u>	<u>\$ 162,260</u>	<u>\$ 206,609</u>	<u>\$ 116,070</u>	<u>\$ 1,133,565</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Municipal income taxes	\$ 580,000	\$ 580,000	\$ 640,876	\$ 60,876
Property and other local taxes	130,640	130,640	125,534	(5,106)
Charges for services	77,000	77,000	72,273	(4,727)
Fines, licenses and permits	5,759	5,759	7,108	1,349
Intergovernmental	74,750	74,750	93,925	19,175
Special assessments	50	50	-	(50)
Cable franchise fees	17,500	17,500	19,970	2,470
Gifts and contributions	43,740	43,740	29,448	(14,292)
Interest	80,000	80,000	31,180	(48,820)
Miscellaneous	126,040	126,040	115,398	(10,642)
Total receipts	1,135,479	1,135,479	1,135,712	233
Disbursements				
Current:				
General government	385,369	385,369	256,197	129,172
Security of persons and property	789,245	789,245	666,877	122,368
Public health services	8,087	8,087	8,087	-
Leisure time activities	74,733	74,733	51,815	22,918
Community environment	14,602	14,602	3,341	11,261
Transportation	278,199	278,199	210,783	67,416
Capital outlay	273,772	273,772	107,423	166,349
Total disbursements	1,824,007	1,824,007	1,304,523	519,484
Excess of receipts under disbursements	(688,528)	(688,528)	(168,811)	519,717
Other financing sources (uses)				
Sale of capital assets	2,000	2,000	-	(2,000)
Transfers in	465	465	-	(465)
Transfers out	(62,465)	(62,465)	(62,000)	465
Other financing uses	(25,000)	(25,000)	(18,695)	6,305
Total other financing sources (uses)	(85,000)	(85,000)	(80,695)	4,305
Net change in fund balance	(773,528)	(773,528)	(249,506)	524,022
Fund balance at beginning of year	829,925	829,925	829,925	-
Prior year encumbrances appropriated	46,861	46,861	46,861	-
Fund balance at end of year	\$ 103,258	\$ 103,258	\$ 627,280	\$ 524,022

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
Street Levy Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and other local taxes	\$ 90,940	\$ 90,940	\$ 94,856	\$ 3,916
Intergovernmental	13,500	13,500	17,351	3,851
Special assessments	4,600	4,600	5,591	991
Total receipts	<u>109,040</u>	<u>109,040</u>	<u>117,798</u>	<u>8,758</u>
Disbursements				
Current:				
Transportation	55,750	55,750	137,654	(81,904)
Capital outlay	230,000	230,000	-	230,000
Total disbursements	<u>285,750</u>	<u>285,750</u>	<u>137,654</u>	<u>148,096</u>
Net change in fund balance	(176,710)	(176,710)	(19,856)	156,854
Fund balance at beginning of year	<u>182,066</u>	<u>182,066</u>	<u>182,066</u>	<u>-</u>
Fund balance at end of year	<u>\$ 5,356</u>	<u>\$ 5,356</u>	<u>\$ 162,210</u>	<u>\$ 156,854</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, 2013

	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Other Enterprise Fund</u>	<u>Total Enterprise Funds</u>
Assets					
Equity in pooled cash and cash equivalents	<u>\$ 692,611</u>	<u>\$ 425,988</u>	<u>\$ 2,502,661</u>	<u>\$ 202,449</u>	<u>\$ 3,823,709</u>
Net position					
Unrestricted	<u>\$ 692,611</u>	<u>\$ 425,988</u>	<u>\$ 2,502,661</u>	<u>\$ 202,449</u>	<u>\$ 3,823,709</u>
Total net position	<u><u>\$ 692,611</u></u>	<u><u>\$ 425,988</u></u>	<u><u>\$ 2,502,661</u></u>	<u><u>\$ 202,449</u></u>	<u><u>\$ 3,823,709</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, 2013*

	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Other Enterprise Fund</u>	<u>Total Enterprise Funds</u>
Operating Receipts					
Charges for services	\$ 1,003,760	\$ 1,053,880	\$ 2,510,546	\$ 270,361	\$ 4,838,547
Other operating receipts	<u>21,397</u>	<u>74,290</u>	<u>20,058</u>	<u>-</u>	<u>115,745</u>
Total operating receipts	<u>1,025,157</u>	<u>1,128,170</u>	<u>2,530,604</u>	<u>270,361</u>	<u>4,954,292</u>
Operating Disbursements					
Personal services	172,944	242,472	244,042	-	659,458
Employee fringe benefits	55,339	98,258	108,232	-	261,829
Travel and transportation	197	158	1,858	-	2,213
Contractual services	654,016	116,138	2,126,194	199	2,896,547
Supplies and materials	<u>45,154</u>	<u>56,788</u>	<u>51,244</u>	<u>-</u>	<u>153,186</u>
Operating income (loss)	<u>97,507</u>	<u>614,356</u>	<u>(966)</u>	<u>270,162</u>	<u>981,059</u>
Non-operating receipts (disbursements)					
Intergovernmental	218,385	-	-	-	218,385
Capital outlay	(454,919)	(331,947)	(57,638)	(106,400)	(950,904)
Principal retirement	-	(261,395)	-	(241,586)	(502,981)
Interest and fiscal charges	-	(117,851)	-	(115,275)	(233,126)
Other financing uses	<u>(1,508)</u>	<u>-</u>	<u>(595)</u>	<u>(8,206)</u>	<u>(10,309)</u>
Total non-operating receipts and disbursements	<u>(238,042)</u>	<u>(711,193)</u>	<u>(58,233)</u>	<u>(471,467)</u>	<u>(1,478,935)</u>
Change in net position	(140,535)	(96,837)	(59,199)	(201,305)	(497,876)
Net position beginning of year	<u>833,146</u>	<u>522,825</u>	<u>2,561,860</u>	<u>403,754</u>	<u>4,321,585</u>
Net position end of year	<u>\$ 692,611</u>	<u>\$ 425,988</u>	<u>\$ 2,502,661</u>	<u>\$ 202,449</u>	<u>\$ 3,823,709</u>

See accompanying notes to the financial statements.

Village of Oak Harbor
Ottawa County
Statement of Net Position - Cash Basis
December 31, 2012

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in pooled cash and cash equivalents	\$ 1,359,230	\$ 4,321,585	\$ 5,680,815
Net Position			
Restricted for:			
Other purposes	284,737	-	284,737
Unrestricted	1,074,493	4,321,585	5,396,078
Total net position	\$ 1,359,230	\$ 4,321,585	\$ 5,680,815

See accompanying notes to the financial statements.

Village of Oak Harbor
Ottawa County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2012

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position		Total
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Governmental Activities	Business-Type Activities	
Governmental Activities						
General government	\$ 264,962	\$ 17,863	\$ -	\$ (247,099)	\$ -	\$ (247,099)
Security of persons and property	651,771	68,501	-	(583,270)	-	(583,270)
Public health services	8,235	-	-	(8,235)	-	(8,235)
Leisure time activities	58,576	24	-	(58,552)	-	(58,552)
Community environment	1,692	3,635	-	1,943	-	1,943
Transportation	371,362	4,523	158,860	(207,979)	-	(207,979)
Capital outlay	86,329	600	-	(85,729)	-	(85,729)
Other	13,256	-	-	(13,256)	-	(13,256)
Total governmental activities	1,456,183	95,146	158,860	(1,202,177)	-	(1,202,177)
Business Type Activities						
Water	870,666	1,011,253	-	-	140,587	140,587
Sanitary Sewer	2,372,055	1,272,432	-	-	(1,099,623)	(1,099,623)
Electric	2,332,349	2,504,443	199,722	-	371,816	371,816
Storm Drainage	298,090	239,896	-	-	(58,194)	(58,194)
Utilities Deposit	14,701	13,491	-	-	(1,210)	(1,210)
Total business-type activities	5,887,861	5,041,515	199,722	-	(646,624)	(646,624)
Total government	\$ 7,344,044	\$ 5,136,661	\$ 358,582	(1,202,177)	(646,624)	(1,848,801)
General Receipts						
Municipal income taxes levied for:						
General purposes				639,168	-	639,168
Property taxes levied for:						
General purposes				139,420	-	139,420
Security of persons and property				95,044	-	95,044
Grants and entitlements not restricted						
to specific programs				173,713	-	173,713
Cable franchise fees				21,711	-	21,711
OWDA loan issued				-	1,082,708	1,082,708
Sale of capital assets				8,023	4,580	12,603
Interest				75,473	-	75,473
Miscellaneous				107,779	-	107,779
Total general receipts				1,260,331	1,087,288	2,347,619
Change in net position				58,154	440,664	498,818
Net position beginning of year				1,301,076	3,880,921	5,181,997
Net position end of year				\$ 1,359,230	\$ 4,321,585	\$ 5,680,815

Village of Oak Harbor
Ottawa County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2012

	<u>General</u>	<u>Street Levy</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in pooled cash and cash equivalents	\$ 876,786	\$ 182,066	\$ 184,554	\$ 115,824	\$ 1,359,230
Fund Balances					
Restricted	\$ -	\$ 182,066	\$ -	\$ 102,671	\$ 284,737
Committed	-	-	184,554	13,153	197,707
Assigned	46,861	-	-	-	46,861
Unassigned	829,925	-	-	-	829,925
Total fund balances	<u>\$ 876,786</u>	<u>\$ 182,066</u>	<u>\$ 184,554</u>	<u>\$ 115,824</u>	<u>\$ 1,359,230</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, 2012

	General	Street Levy	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Receipts					
Municipal income taxes	\$ 639,168	\$ -	\$ -	\$ -	\$ 639,168
Property and other local taxes	139,420	95,044	-	-	234,464
Charges for services	104,399	-	-	15	104,414
Fines, licenses and permits	6,000	-	-	1,936	7,936
Intergovernmental	173,712	8,135	-	150,285	332,132
Special assessments	-	4,508	-	-	4,508
Interest	75,473	-	-	440	75,913
Miscellaneous	107,779	-	-	-	107,779
Total receipts	1,245,951	107,687	-	152,676	1,506,314
Disbursements					
Current:					
General government	264,962	-	-	-	264,962
Security of persons and property	651,292	-	-	479	651,771
Public health services	8,235	-	-	-	8,235
Leisure time activities	58,576	-	-	-	58,576
Community environment	1,692	-	-	-	1,692
Transportation	202,175	5,014	-	164,173	371,362
Capital outlay	29,475	27,693	24,415	4,746	86,329
Total disbursements	1,216,407	32,707	24,415	169,398	1,442,927
Excess of receipts over (under) disbursements	29,544	74,980	(24,415)	(16,722)	63,387
Other financing sources (uses)					
Sale of capital assets	1,258	-	6,765	-	8,023
Transfers in	-	-	60,000	2,000	62,000
Transfers out	(62,000)	-	-	-	(62,000)
Other financing uses	(13,256)	-	-	-	(13,256)
Total other financing sources (uses)	(73,998)	-	66,765	2,000	(5,233)
Net change in fund balance	(44,454)	74,980	42,350	(14,722)	58,154
Fund balances beginning of year	921,240	107,086	142,204	130,546	1,301,076
Fund balances end of year	<u>\$ 876,786</u>	<u>\$ 182,066</u>	<u>\$ 184,554</u>	<u>\$ 115,824</u>	<u>\$ 1,359,230</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, 2012*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Municipal income taxes	\$ 882,061	\$ 882,061	\$ 639,168	\$ (242,893)
Property and other local taxes	192,402	192,402	139,420	(52,982)
Charges for services	144,072	144,072	104,399	(39,673)
Fines, licenses and permits	8,153	8,153	6,000	(2,153)
Intergovernmental	239,726	239,726	173,712	(66,014)
Interest	104,153	104,153	75,473	(28,680)
Miscellaneous	148,737	148,737	107,779	(40,958)
Total receipts	<u>1,719,304</u>	<u>1,719,304</u>	<u>1,245,951</u>	<u>(473,353)</u>
Disbursements				
Current:				
General government	462,333	462,333	277,442	184,891
Security of persons and property	800,743	800,743	654,275	146,468
Public health services	8,235	8,235	8,235	-
Leisure time activities	84,929	84,929	69,196	15,733
Community environment	13,982	13,982	1,742	12,240
Transportation	297,790	297,790	212,175	85,615
Capital outlay	294,000	294,000	40,203	253,797
Total disbursements	<u>1,962,012</u>	<u>1,962,012</u>	<u>1,263,268</u>	<u>698,744</u>
Excess of receipts under disbursements	(242,708)	(242,708)	(17,317)	225,391
Other financing sources (uses)				
Sale of capital assets	-	-	1,258	1,258
Transfers out	(262,000)	(262,000)	(62,000)	200,000
Other financing uses	-	-	(13,256)	(13,256)
Total other financing sources (uses)	<u>(262,000)</u>	<u>(262,000)</u>	<u>(73,998)</u>	<u>188,002</u>
Net change in fund balance	(504,708)	(504,708)	(91,315)	413,393
Fund balance at beginning of year	862,460	862,460	862,460	-
Prior year encumbrances appropriated	58,780	58,780	58,780	-
Fund balance at end of year	<u>\$ 416,532</u>	<u>\$ 416,532</u>	<u>\$ 829,925</u>	<u>\$ 413,393</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
Street Levy Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and other local taxes	\$ 102,510	\$ 102,510	\$ 95,044	\$ (7,466)
Intergovernmental	20,000	20,000	8,135	(11,865)
Special assessments	4,600	4,600	4,508	(92)
Total receipts	127,110	127,110	107,687	(19,423)
Disbursements				
Current:				
Transportation	30,750	30,750	5,014	25,736
Capital outlay	181,000	181,000	27,693	153,307
Total disbursements	211,750	211,750	32,707	179,043
Net change in fund balance	(84,640)	(84,640)	74,980	159,620
Fund balance at beginning of year	85,474	85,474	85,474	-
Prior year encumbrances appropriated	21,612	21,612	21,612	-
Fund balance at end of year	\$ 22,446	\$ 22,446	\$ 182,066	\$ 159,620

See accompanying notes to the financial statements.

Village of Oak Harbor
Ottawa County
Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2012

	Water	Sewer	Electric	Other Enterprise Fund	Total Enterprise Funds
Assets					
Equity in pooled cash and cash equivalents	\$ 833,146	\$ 522,825	\$ 2,561,860	\$ 403,754	\$ 4,321,585
Net position					
Unrestricted	\$ 833,146	\$ 522,825	\$ 2,561,860	\$ 403,754	\$ 4,321,585
Total net position	\$ 833,146	\$ 522,825	\$ 2,561,860	\$ 403,754	\$ 4,321,585

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, 2012

	Water	Sewer	Electric	Other Enterprise Fund	Total Enterprise Funds
Operating Receipts					
Charges for services	\$ 1,008,350	\$ 1,084,880	\$ 2,468,291	\$ 253,387	\$ 4,814,908
Other operating receipts	2,903	187,552	36,152	-	226,607
Total operating receipts	1,011,253	1,272,432	2,504,443	253,387	5,041,515
Operating Disbursements					
Personal services	192,031	381,940	329,549	-	903,520
Employee fringe benefits	370	-	-	-	370
Travel and transportation	-	366	896	-	1,262
Contractual services	555,406	348,310	1,935,002	-	2,838,718
Supplies and materials	48,909	66,354	38,505	-	153,768
Total operating disbursements	796,716	796,970	2,303,952	-	3,897,638
Operating income	214,537	475,462	200,491	253,387	1,143,877
Non-operating receipts (disbursements)					
Proceeds of OWDA loans	-	1,082,708	-	-	1,082,708
Intergovernmental	-	-	199,722	-	199,722
Sale of capital assets	-	3,734	846	-	4,580
Capital outlay	(73,016)	(1,254,520)	(28,397)	-	(1,355,933)
Principal retirement	-	(210,433)	-	(192,661)	(403,094)
Interest and fiscal charges	-	(110,132)	-	(105,191)	(215,323)
Other financing uses	(934)	-	-	(14,701)	(15,635)
Other non-operating expenses	-	-	-	(238)	(238)
Total non-operating receipts and disbursements	(73,950)	(488,643)	172,171	(312,791)	(703,213)
Change in net position	140,587	(13,181)	372,662	(59,404)	440,664
Net position beginning of year	692,559	536,006	2,189,198	463,158	3,880,921
Net position end of year	\$ 833,146	\$ 522,825	\$ 2,561,860	\$ 403,754	\$ 4,321,585

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, 2013 and 2012

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 general government services, including maintenance of Village streets, police, sewer, water, utilities, and park operations.

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

Primary Government

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

Component Units

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

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in 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.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

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 in nature and those that are considered business-type activities. 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 activities of the Village at year end. The statement of activities compares disbursements with program receipts for each program or function of the Village's governmental 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 program 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 in order 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. Non-major 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.

Fund Accounting

The Village uses funds 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 are the Village's major governmental funds:

General Fund - 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.

Street Levy Fund - The street levy fund accounts for and reports the collection of property tax levies designated for construction and repairs of Village streets.

Capital Improvement Fund - The capital improvement fund accounts for and reports that portion of municipal income tax committed by Council for the purpose of improving, constructing, and purchasing those items necessary to enhance the operation of the Village.

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.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

Proprietary Funds The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service 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 receives charges for services from residents to cover the cost of providing this utility.

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.

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 Village Council may appropriate. The appropriations ordinance is Village Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by Village Council. The legal level of control has been established by Village Council 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 appropriations were passed by Village Council.

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

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

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 2013 and 2012, the Village invested in nonnegotiable certificates of deposits. The nonnegotiable certificate of deposits 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 2013 and 2012 were \$31,180 and \$75,473.

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 externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that are required to be held for five years before they may be utilized by the Village are reported as restricted. Restricted Assets in the enterprise funds represent amounts set aside to satisfy bond indenture requirements for current and future debt payments and the replacement and improvement of capital assets originally acquired with bond proceeds. The Village has no restricted assets.

Inventory and Prepaid Items

The Village reports disbursements for inventory 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.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

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 and other long-term obligations. Proceeds of debt are reported when 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 are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for the construction and maintenance of Village streets.

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

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

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

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

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

Interfund Transactions

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. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Change in Accounting Principle

For 2012, the Village implemented Governmental Accounting Standard Board (GASB) Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.” GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. The Village also implemented GASB Statement No. 65, “Items Previously Reported as Assets and Liabilities.” GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the Village’s 2012 financial statements; however, there was no effect on beginning net position/fund balance.

Note 4 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and street levy fund prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). The Village had outstanding encumbrances of \$21,346 and \$46,861 in 2013 and 2012 for the general fund \$50 in 2013 for the street levy fund.

Note 5 – Deposits and Investments

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

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

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

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.

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

Interim monies held by the Village can be deposited or invested in the following securities:

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

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

Investments may only be made through specified dealers and institutions. 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 2013 and 2012, the Village had \$975 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

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 December 31, 2013, the carrying value of the Village's deposits was \$4,956,299. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of December 31, 2013, the Village's bank balance was \$5,019,961 which includes \$4,011,000 of nonnegotiable certificates of deposit and \$4,006,024 of this balance may be exposed to custodial credit risk from being uninsured and uncollateralized. A portion of the securities pledged as collateral were held by another financial institution and the remaining amounts were held in a pledge account at the Federal Reserve and all in compliance with statutory requirements for the security of public money. However, potential noncompliance with Federal requirements, with respect to the collateral agreement, could subject the Village to a successful claim by the FDIC should the depository fail. At December 31, 2012, the carrying value of the Village's deposits was \$5,679,840 and the bank balance was \$5,721,084 which includes \$4,011,000 of nonnegotiable certificates of deposit and \$4,724,935 of this balance may be exposed to custodial credit risk as explained above.

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

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

The Village had no investments at either year-end.

Note 6 – Income Taxes

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside the Village.

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

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 2013 for real and public utility property taxes represents collections of 2012 taxes.

2013 real property taxes are levied after October 1, 2012, on the assessed value as of January 1, 2012, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance 2014.

Village of Oak Harbor
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Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

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 tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2013 public utility property taxes which became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2013 with real property taxes.

The full tax rate for all Village operations for the years ended December 31, 2013 and 2012 was \$8.30 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which the 2013 and 2012 property tax receipts were based are as follows:

	2013	2012
Real Property	\$ 43,933,190	\$ 43,794,720
Public Utility Personal Property	437,910	371,670
Total	\$ 44,371,100	\$ 44,166,390

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

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

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

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

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

Note 9 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Plan Description - The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar on nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

Village of Oak Harbor
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For the Years Ended December 31, 2013 and 2012

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or 800-222-7377, or by visiting the OPERS website at <https://www.opers.org/investments/cafr.shtml>.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the years ended December 31, 2013 and 2012, members in the state and local divisions contributed 10% of covered payroll. The Village employed no public safety members and no law enforcement members in 2013 or 2012. The Village's contribution rate for state and local members in 2013 and 2012 was 14% of covered payroll.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2013, 2012 and 2011 were \$149,398, \$92,494 and \$168,052 respectively. The full amount has been contributed for each year. There were no contributions to the member-directed plan for 2013.

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions. This accounting standard replaces GASB Statement 27, and it is effective for employer fiscal years beginning after June 15, 2014.

Ohio Police and Fire Pension Fund

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

Funding Policy – From January 1, 2012 through July 1, 2013, plan members are required to contribute 10 percent of their annual covered salary. From July 2, 2013 through December 31, 2013, plan members are required to contribute 10.75 percent of their annual covered salary. The Village's contribution was 19.5% for police officers. Contribution rates are established by State statute. The Village's required contributions to OP&F for the years ended December 31, 2013, 2012 and 2011 were \$67,930, \$46,935 and \$48,015 respectively. The full amount has been contributed for each year.

Note 10 - Postemployment Benefits

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post-employment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

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

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Notes to the Basic Financial Statements
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Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 4642 or by calling (614) 222-5601 or 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2013 and 2012, state and local government employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0 percent of covered payroll for state and local government employer units.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment healthcare benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1% during calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1% for 2013. Effective January 1, 2014, the portion of employer contributions allocated to health care was raised to 2 percent for both plans, as recommended by the OPERS Actuary. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent and the Combined Plan was 6.05 percent during calendar year 2012. 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 benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The Village's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2013, 2012 and 2011 were \$11,487, \$70,377 and \$47,823 respectively. The full amount has been contributed for those years.

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

Ohio Police and Fire Pension Fund

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

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 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 healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
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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 by the Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent of covered payroll for police employees. Active members do not make contributions to the OBEB Plan.

OP&F maintains funds for healthcare in two separate accounts. One for healthcare benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under 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 to the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree healthcare benefits. The portion of employer contributions allocated to health care was 4.69 percent of covered payroll from January 1, 2013 through May 31, 2013 and 2.85 percent of covered payroll from June 1, 2013 through December 31, 2013. 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 Village's contributions to OP&F which were allocated to fund postemployment healthcare benefits for police were \$16,281 for the year ended December 31, 2013, \$24,848 for the year ended December 31, 2012 and \$27,885 for the year ended December 31, 2011. The full amount has been contributed for each year.

Note 11 – Debt

The Village's long-term debt activity for the years ended December 31, 2013 and 2012 were as follows:

	Interest Rate	Balance December 31, 2012	Additions	Reductions	Balance December 31, 2013	Due Within One Year
Business-Type Activities						
OWDA Improvement Loans:						
1989 Waste Water Treatment Plant	7.51%	\$ 255,931	\$ -	\$ (97,219)	\$ 158,712	\$ 104,523
1999 Sludge Handling	5.56%	535,094	-	(54,772)	480,322	57,859
2007 Combined Sewer Overflow (CSO)	2.86%	4,980,142	-	(251,216)	4,728,926	258,452
2009 Supplemental CSO	2.93%	292,758	-	(17,124)	275,634	17,629
2011 CSO Basin	3.77%	976,324	-	(82,650)	893,674	85,665
Total		<u>\$ 7,040,249</u>	<u>\$ -</u>	<u>\$(502,981)</u>	<u>\$ 6,537,268</u>	<u>\$ 524,128</u>

	Interest Rate	Balance December 31, 2011	Additions	Reductions	Balance December 31, 2012	Due Within One Year
Business-Type Activities						
OWDA Improvement Loans:						
1989 Waste Water Treatment Plant	7.51%	\$ 346,361	\$ -	\$ (90,430)	\$ 255,931	\$ 97,219
1999 Sludge Handling	5.56%	586,943	-	(51,849)	535,094	54,772
2007 Combined Sewer Overflow (CSO)	2.86%	5,116,604	107,720	(244,182)	4,980,142	251,216
2009 Supplemental CSO	2.93%	294,927	14,464	(16,633)	292,758	17,124
2011 CSO Basin	3.77%	2,106	974,218	-	976,324	82,650
Total		<u>\$ 6,346,941</u>	<u>\$1,096,402</u>	<u>\$(403,094)</u>	<u>\$ 7,040,249</u>	<u>\$ 502,981</u>

The addition to the 2011 CSO Basin loan included \$12,432 of capitalized interest and \$1,262 for and OWDA loan fee.

Village of Oak Harbor
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Notes to the Basic Financial Statements
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The following is a summary of the Village's future annual debt service requirements:

Year Ending December 31,	O.W.D.A Loans Principal	O.W.D.A Loans Interest
2014	\$ 524,128	\$ 213,284
2015	488,143	191,048
2016	448,839	172,132
2017	464,268	156,702
2018	480,269	140,701
2019-2023	2,275,305	461,004
2024-2028	<u>1,856,316</u>	<u>156,361</u>
Total	<u>\$ 6,537,268</u>	<u>\$ 1,491,232</u>

Note 12 – 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:

2013 Fund Balances	General	Street Levy	Capital Improvement	Other Governmental Funds	Total
Restricted for					
Road Improvements	\$ -	\$ 162,260	\$ -	\$ 76,084	\$ 238,344
Police Operations	-	-	-	8,223	8,223
Other	-	-	-	16,817	16,817
<i>Total Restricted</i>	<u>-</u>	<u>162,260</u>	<u>-</u>	<u>101,124</u>	<u>263,384</u>
Committed to					
Capital Improvement	-	-	206,609	-	206,609
Park Improvement	-	-	-	4,205	4,205
Other	-	-	-	10,741	10,741
<i>Total Committed</i>	<u>-</u>	<u>-</u>	<u>206,609</u>	<u>14,946</u>	<u>221,555</u>
Assigned to					
Encumbrances	<u>21,346</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,346</u>
Unassigned	<u>627,280</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>627,280</u>
<i>Total Fund Balances</i>	<u>\$ 648,626</u>	<u>\$ 162,260</u>	<u>\$ 206,609</u>	<u>\$ 116,070</u>	<u>\$ 1,133,565</u>

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For the Years Ended December 31, 2013 and 2012

2012					
Fund Balances	General	Street Levy	Capital Improvement	Other Governmental Funds	Total
Restricted for					
Road Improvements	\$ -	\$ 182,066	\$ -	\$ 77,011	\$ 259,077
Police Operations	-	-	-	7,628	7,628
Other	-	-	-	18,032	18,032
<i>Total Restricted</i>	-	182,066	-	102,671	284,737
Committed to					
Capital Improvement	-	-	184,554	-	184,554
Park Improvement	-	-	-	3,605	3,605
Other	-	-	-	9,548	9,548
<i>Total Committed</i>	-	-	184,554	13,153	197,707
Assigned to					
Encumbrances	46,861	-	-	-	46,861
Unassigned	829,925	-	-	-	829,925
<i>Total Fund Balances</i>	<u>\$ 876,786</u>	<u>\$ 182,066</u>	<u>\$ 184,554</u>	<u>\$ 115,824</u>	<u>\$ 1,359,230</u>

Note 13 – Interfund Transfers

During 2013 and 2012 the following transfers were made:

	2013	2012
Transfer from General fund to:		
Capital improvement fund	\$ 60,000	\$ 60,000
Tree fund	2,000	2,000

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

Note 14 – Joint Venture

OMEGA JV2

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

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

Village of Oak Harbor
 Ottawa County
Notes to the Basic Financial Statements
 For the Years Ended December 31, 2013 and 2012

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 4.569 MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, 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, 2013, the outstanding debt was \$15,769,323. The Village's net investment in OMEGA JV2 was \$125,242 at December 31, 2013. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2013 are:

<u>Municipality</u>	<u>Percent Ownership</u>	<u>KW Entitlement</u>	<u>Municipality</u>	<u>Percent Ownership</u>	<u>KW 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	0.79%	1,066	Custar	0.00%	4
	<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>

OMEGA JV5

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

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

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

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

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2013 Oak Harbor has not 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 issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024.

The Village's net investment to date in OMEGA JV5 was \$91,856 at December 31, 2013. Complete financial statements for OMEGA JV5 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, 2013 and 2012

Note 15 – American Municipal Power Generating Station Project

The Village is a member of 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 0.13 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 made due to AMP's pursuit of legal action to void them. As a result of a March 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 at March 31, 2014, of the impaired costs is \$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. The Village will begin making payments in 2015. 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.

The Village intends to recover these costs and repay AMP during 2015 through a power cost adjustment.

Note 16 – Contingent Liabilities

Management believes there are no pending claims or lawsuits.

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

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 financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Oak Harbor, Ottawa County, (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 20, 2014, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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*.

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.
June 20, 2014

**VILLAGE OF OAK HARBOR
OTTAWA COUNTY
STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

The prior audit report, for the years ending December 31, 2011 and 2010, 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
AUGUST 12, 2014**