



OHIO AUDITOR OF STATE  
**KEITH FABER**





VILLAGE OF OTTAWA  
PUTNAM COUNTY  
DECEMBER 31, 2020

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## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2020, and related notes of the Village of Ottawa, Putnam County, Ohio (the Village).

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements 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 such 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.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2020, and the respective changes in financial position or cash flows thereof for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2020, and related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 15 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2021, 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

May 25, 2021

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**Village of Ottawa**  
*Putnam County*  
**Combined Statement of Receipts, Disbursements**  
**and Changes in Fund Balances (Regulatory Cash Basis)**  
*All Governmental Fund Types*  
**For the Year Ended December 31, 2020**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$250,978	\$92,264		\$343,242
Municipal Income Tax		2,111,604		2,111,604
Intergovernmental	93,491	886,619	\$453,541	1,433,651
Charges for Services	67,732	4,501		72,233
Fines, Licenses and Permits	52,161	335		52,496
Earnings on Investments	55,657	5,871		61,528
Miscellaneous	79,639	185,306		264,945
<i>Total Cash Receipts</i>	<u>599,658</u>	<u>3,286,500</u>	<u>453,541</u>	<u>4,339,699</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	111,700	313,453		425,153
Public Health Services		489,304		489,304
Leisure Time Activities	126,581			126,581
Community Environment	69,278			69,278
Basic Utility Services	4,251			4,251
Transportation		270,197		270,197
General Government	258,830	329,024		587,854
Capital Outlay	53,025	1,039,715	1,409,034	2,501,774
Debt Service:				
Principal Retirement		527,072		527,072
Interest and Fiscal Charges		118,136		118,136
<i>Total Cash Disbursements</i>	<u>623,665</u>	<u>3,086,901</u>	<u>1,409,034</u>	<u>5,119,600</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(24,007)</u>	<u>199,599</u>	<u>(955,493)</u>	<u>(779,901)</u>
<b>Other Financing Receipts</b>				
Sale of Notes			1,082,028	1,082,028
Sale of Capital Assets	96	29,060		29,156
<i>Total Other Financing Receipts</i>	<u>96</u>	<u>29,060</u>	<u>1,082,028</u>	<u>1,111,184</u>
<i>Net Change in Fund Cash Balances</i>	<u>(23,911)</u>	<u>228,659</u>	<u>126,535</u>	<u>331,283</u>
<i>Fund Cash Balances, January 1</i>	<u>1,526,894</u>	<u>2,021,257</u>	<u>201,349</u>	<u>3,749,500</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,502,983</u>	<u>\$2,249,916</u>	<u>\$327,884</u>	<u>\$4,080,783</u>

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

**Village of Ottawa**  
*Putnam County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**Proprietary Fund Type**  
*For the Year Ended December 31, 2020*

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$3,286,520
Miscellaneous	84,100
	3,370,620
<i>Total Operating Cash Receipts</i>	<i>3,370,620</i>
<b>Operating Cash Disbursements</b>	
Personal Services	834,380
Fringe Benefits	372,012
Contractual Services	605,228
Supplies and Materials	388,664
Other	19,922
	2,220,206
<i>Total Operating Cash Disbursements</i>	<i>2,220,206</i>
<i>Operating Income</i>	<i>1,150,414</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental	531
Special Assessments	10,423
Sale of Fixed Assets	560
Capital Outlay	(380,858)
Principal Retirement	(431,955)
Interest and Other Fiscal Charges	(68,245)
	(869,544)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(869,544)</i>
<i>Net Change in Fund Cash Balances</i>	<i>280,870</i>
<i>Fund Cash Balances, January 1</i>	<i>2,045,803</i>
<i>Fund Cash Balances, December 31</i>	<i>\$2,326,673</i>

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

**Village of Ottawa**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The Village of Ottawa, Putnam County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Beginning January 1, 2000 the Village's form of government was changed from statutory to a charter form of government. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village appropriates General Fund money to support a volunteer fire department.

***Public Entity Risk Pool***

The Village participates in a public entity risk pool, the Public Entities Pool of Ohio (PEP). Note 6 to the financial statements provides additional information for this entity. 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**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund type which are all organized on a fund type basis.

***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 below:

***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.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

***Income Tax Fund*** This fund accounts for and reports revenues derived mainly from the Village's one percent income tax. It is used primarily to fund capital improvements. Its use is committed by Village ordinance.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

***WWTP Screening Facility Fund*** This fund accounts for and reports proceeds of an Ohio Water Development Loan. The proceeds are restricted for construction of a screening facility at the wastewater treatment plant.

***Enterprise Funds*** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

**Village of Ottawa**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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**Water Fund** The Water Fund accounts for the provision of water treatment and distribution 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.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**Estimated Resources** Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

**Encumbrances** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2020 budgetary activity appears in Note 3.

***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**Village of Ottawa**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

**Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**Fund Balance**

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

**Nonspendable** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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

**Committed** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the General Fund is limited to encumbrances outstanding at year end.

**Unassigned** Unassigned fund balance is the residual classification for the General Fund and includes amounts not included 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$559,283	\$599,754	\$40,471
Special Revenue	3,063,382	3,315,560	252,178
Capital Projects	1,535,569	1,535,569	
Enterprise	3,228,854	3,382,134	153,280
Total	\$8,387,088	\$8,833,017	\$445,929

**Village of Ottawa**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,388,783	\$630,243	\$758,540
Special Revenue	5,277,990	3,447,250	1,830,740
Capital Projects	2,391,518	1,409,034	982,484
Enterprise	5,274,657	3,528,369	1,746,288
Total	<u>\$14,332,948</u>	<u>\$9,014,896</u>	<u>\$5,318,052</u>

The Termination Benefits and Budget Stabilization Funds are legally budgeted as separate Special Revenue Funds; however, these funds are considered part of the General Fund for financial reporting purposes.

**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	<u>2020</u>
Demand deposits	\$351,416
Certificates of deposit	5,250,000
Other time deposits (savings and NOW accounts)	23,168
Total deposits	<u>5,624,584</u>
STAR Ohio	<u>782,872</u>
Total carrying amount of deposits and investments	<u>\$6,407,456</u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings.

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the Village, or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Investments**

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**Village of Ottawa**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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**Note 5 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

***Income Taxes***

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

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 6 – Risk Management**

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2019 (the latest information available):

	<b><u>2019</u></b>
Cash and investments	\$ 38,432,610
Actuarial liabilities	\$ 14,705,917

**Village of Ottawa**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The majority of Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

***Ohio Police and Fire Retirement System***

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2020.

***Social Security***

Several of the Village's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.



**Village of Ottawa**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

**Note 9 – Debt**

Debt outstanding at December 31, 2020 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds 2011	\$1,380,000	4%
General Obligation Bonds 2014	980,000	2%
Promissory Note (Fire Truck)	225,201	3%
State Infrastructure Bank Loan (Williamstown Road)	75,791	3%
State Infrastructure Bank Loan (Putnam Parkway)	104,743	3%
State Infrastructure Bank Loan (Villa Drive)	212,800	3%
Ohio Public Works Commission Loan (Pohl Sewer)	128,946	0%
Ohio Public Works Commission Loan (Oak Street Pump Station)	80,680	0%
Ohio Public Works Commission Loan (West Ottawa Pump Station)	253,735	0%
Ohio Public Works Commission Loan (South Perry Pump Station)	185,000	0%
Ohio Public Works Commission Loan (Clearwell Bypass)	100,000	0%
Ohio Water Development Authority Loan #3790 (WTP)	294,857	3%
Ohio Water Development Authority Loan #4380 (Pohl Water)	280,595	3%
Ohio Water Development Authority Loan #4381 (Pohl Sewer)	201,729	3%
Ohio Water Development Authority Loan #4570 (Tank)	169,506	3%
Ohio Water Development Authority Loan #4783 (Bluffton)	672,932	3%
Ohio Water Development Authority Loan #6065 (Waterline/Meters)	740,565	2%
Ohio Water Development Authority Loan #6643 (Lime Sludge)	38,506	2%
Ohio Water Development Authority Loan #8402 (WWTP Headworks)	2,641,273	1%
Ohio Water Development Authority Loan #8438 (WTP HAB Design)	277,091	0%
Total	<u>\$9,043,950</u>	

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

Proceeds from the 2014 bonds were used for the purpose of advance refunding of general obligation 2005 bonds and for future roadway improvements. The 2014 advance refunding bonds were issued for a total of \$1,900,000. This advance refunding was undertaken to reduce total debt service payments over the next 11 years by \$69,398 and resulting in an economic gain of \$79,870.

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

The State Infrastructure Bank loans were obtained through the Ohio Department of Taxation. These loans are for Williamstown Road, Putnam Parkway Road improvements, and Villa Drive. The loans will be repaid in semiannual installments over 8 years beginning in 2017. The Williamstown Road and Villa Drive loans will be repaid with income tax receipts. The Putnam Parkway Road loan will be repaid with income tax receipts and tax increment financing receipts.

**Village of Ottawa**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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The Ohio Public Works Commission 0% loans relate to a Pohl Road sewer extension, Oak Street pump station, West Ottawa pump station, South Perry pump station, and Clearwell Bypass. The Pohl Road sewer extension loan will be repaid in semiannual installments of \$8,596 over 20 years. Sewer revenues are the dedicated source of repayment for this loan. The Oak Street pump station loan will be repaid in semiannual installments of \$2,881 over 20 years. Sewer revenues are the dedicated source of repayment for this loan.

The West Ottawa pump station loan will be paid in semiannual installments of \$8,185 over 20 years. Sewer revenues are the dedicated source of repayment for this loan. The South Perry Street pump station loan will be repaid in semiannual payments of \$5,000 over 20 years. Sewer revenues are the dedicated source of repayment for this loan. The Clearwell Bypass project will be paid in semiannual installments of \$2,500 over 20 years. Water revenues are the dedicated source of repayment for these loans.

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

The Ohio Water Development Authority (OWDA) loan #4380 is for the Pohl Road area water line extension to provide service a recently annexed area. The loan will be repaid in semiannual installments over 20 years. This loan will be repaid with water receipts.

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

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

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

The Ohio Water Development Authority (OWDA) loan #6065 is for waterline and meter replacement. The loan will be repaid in semiannual installments over 20 years, and will be repaid with water receipts.

The Ohio Water Development Authority (OWDA) loan #6643 is for a lime sludge project related to water treatment to address Environmental Protection Agency recommendations. This loan will be repaid in semiannual installments including interest, over 20 years. Water receipts secure the loan.

The Ohio Water Development Authority (OWDA) loan #8402 is for construction of a headworks screening facility at the wastewater treatment plant. This loan will be repaid in semiannual installments including interest, over 30 years. Sewer receipts secure the loan. This project was not completed at December 31, 2020, and no final amortization schedule has been provided by OWDA. Therefore this loan is not included in the amortization table below.

The Ohio Water Development Authority (OWDA) loan #8438 is for design of water treatment plant improvements mandated by the EPA to address issues related to harmful alga bloom (HAB). This loan will be repaid in semiannual installments of \$34,636 over 5 years. Water receipts secure the loan.

**Village of Ottawa**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

**Leases**

The Village entered a lease-purchase agreement on September 17, 2019 with Leasing 2, Inc. for an Aquatech Model B-10-1450 Combination Vacuum Truck valued at \$407,385. The Village will pay this lease with six annual installments of \$75,949 beginning in 2020.

The Village entered a lease-purchase agreement on June 16, 2020 with Caterpillar Financial Services Corporation for a Caterpillar Hydraulic Excavator valued at \$80,366. The Village will pay this lease with 60 monthly payments of \$1,466 beginning in July 2020.

The Village entered into a lease-purchase agreement on July 17, 2020 with Republic First National for a Spartan Custom Engine with Loose Equipment for Apparatus valued at \$695,073. The Village will pay this lease with 10 annual installments of \$81,376 beginning in July 2021.

**Amortization**

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

Year Ending December 31:	Leases	General Obligation Bonds	OPWC Loans	OWDA Loans	Bank Loan	SIB Loans
2021	\$174,913	\$487,247	\$54,326	\$449,473	\$63,676	\$69,363
2022	174,913	479,026	54,326	449,473	63,676	90,491
2023	174,913	470,765	54,326	449,471	63,676	90,492
2024	174,913	472,305	54,326	404,654	47,697	90,492
2025	166,118	472,174	54,326	280,500		42,259
2026-2030	406,877	266,475	228,646	762,326		42,260
2031-2035			179,900	139,444		
2036-2040			68,185			
Total	<u>\$1,272,647</u>	<u>\$2,647,992</u>	<u>\$748,361</u>	<u>\$2,935,341</u>	<u>\$238,725</u>	<u>\$425,357</u>

**Note 10 – Construction and Contractual Commitments**

<u>Vendor/Project</u>	<u>Contract Amount</u>	<u>Balance Outstanding 12/31/20</u>
Utility Services Install TRS System (Annual Tank Maintenance)	\$116,479	\$116,479
Poggemeyer Design Group Engineering WTP Improvements	\$745,825	\$404,075
Peterson Construction Company WWTP Headworks Screening Project	\$2,469,249	\$126,198
Peterson Construction Company WTP HAB Project	\$29,000	\$29,000

**Village of Ottawa**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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**Note 11 – Contingent Liabilities**

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

**Note 12 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	\$15,081	\$351,846	\$366,927

The fund balance of Special Revenue Funds is either restricted or committed. The fund balance of Capital Projects Funds are either restricted or committed. These restricted and committed amounts in the Special Revenue and Capital Projects Funds would include the outstanding encumbrances. In the General Fund, outstanding encumbrances are considered assigned.

**Note 13 – Miscellaneous Receipts**

Miscellaneous receipts in the General and Special Revenue Funds primarily consisted of donations, refunds, payments in lieu of taxes, and building rent.

**Note 14 – Subsequent Event**

The Village approved a lease-purchase agreement in March 2021, with Republic First National, for the purpose of acquiring a heavy rescue vehicle and equipment. The agreement amount is \$303,475, with a term of 10 years. The first payment is due in 2022.

**Note 15 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.



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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2020, and related notes of the Village of Ottawa, Putnam County, Ohio (the Village) and have issued our report thereon dated May 25, 2021, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. 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*.

***Village's Response to Finding***

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

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

May 25, 2021

VILLAGE OF OTTAWA  
PUTNAM COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2020

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

FINDING NUMBER 2020-001

**Material Weakness – Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Appropriation Authority in the Budgetary Activity note to the financial statements did not agree to amounts approved by Village Council in the General and Special Revenue Funds in the amount of \$193,353.

This error was the result of inadequate policies and procedures in reviewing the financial statements. Failure to complete accurate financial statements could lead to the Village Council making misinformed decisions. The accompanying notes to the financial statements have been adjusted to correct this error and another error in the amount of \$8,502. In addition to the adjustment noted above, we also identified additional misstatements to the financial statements ranging from \$4,501 to \$29,300 that we have brought to the Village's attention.

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

**Officials' Response:**

The Village strives to produce complete and accurate financial statements. As a result of this audit, the Village now has a better understanding of certain reporting and posting issues and will continue to make improvements where needed.



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2020

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	This finding was first reported in 2019. Material weakness for lack of monitoring of financial transactions resulting in errors in the financial statements.	Not corrected and reissued as Finding 2020-001 in this report.	An effort was made to correct errors in the financial statements. The Village now has a better understanding of the posting and reporting issues and will continue to make improvements where needed.



# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF OTTAWA**

**PUTNAM COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 6/8/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)