

VILLAGE OF OAK HARBOR
OTTAWA COUNTY

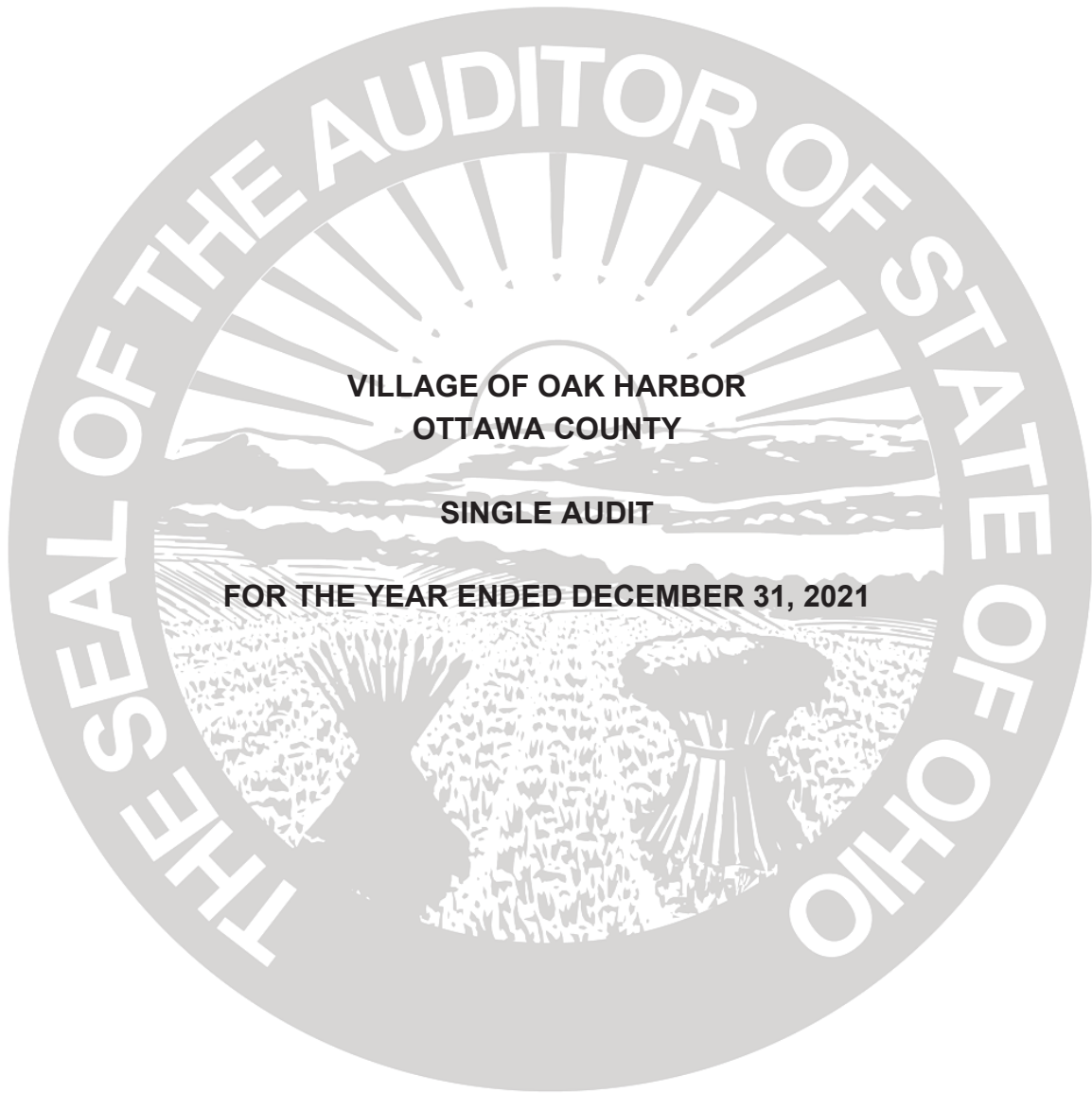
DOCUMENT CONTENTS

TITLE

SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2021

SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2020

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VILLAGE OF OAK HARBOR
OTTAWA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - Cash Basis December 31, 2021	5
Statement of Activities - Cash Basis For the Year Ended December 31, 2021	6
Fund Financial Statements:	
Statement of Assets and Fund Balances - Cash Basis Governmental Funds December 31, 2021	7
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis Governmental Funds For the Year Ended December 31, 2021	8
Statement of Receipts, Disbursements and Changes In Fund Balance - Budget and Actual - Budget Basis General Fund For the Year Ended December 31, 2021	9
Statement of Fund Net Position - Cash Basis Proprietary Funds December 31, 2021	10
Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis Proprietary Funds For the Year Ended December 31, 2021	11
Notes to the Basic Financial Statements For the Year Ended December 31, 2021	12
Schedule of Expenditures of Federal Awards For the Year Ended June December 31, 2021	39
Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June December 31, 2021	40
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	41
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.	43

VILLAGE OF OAK HARBOR
OTTAWA COUNTY

TABLE OF CONTENTS
(Continued)

TITLE	PAGE
Schedule of Findings.....	47
Prepared by Management:	
Summary Schedule of Prior Audit Findings	49
Corrective Action Plan	50

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INDEPENDENT AUDITOR'S REPORT

Village of Oak Harbor
Ottawa County
P.O. Box 232
Oak Harbor, Ohio 43449-0232

To the Village Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis 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 year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of December 31, 2021, and the respective changes in cash-basis financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the cash-basis of accounting described in Note 2.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted to opine on the financial statements as a whole that collectively comprise the Village's basic financial statements.

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is (are) presented for purposes of additional analysis and is (are) not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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

January 23, 2023

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Village of Oak Harbor
Ottawa County
Statement of Net Position - Cash Basis
December 31, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,309,747	\$6,704,511	\$9,014,258
Net Position			
Restricted for:			
Police Operations	\$48,154		\$48,154
Road Improvements	738,010		738,010
Capital Improvements	119,615		119,615
Other Purposes	170,646		170,646
Unrestricted	1,233,322	\$6,704,511	7,937,833
<i>Total Net Position</i>	<u>\$2,309,747</u>	<u>\$6,704,511</u>	<u>\$9,014,258</u>

See accompanying notes to the basic financial statements

Village of Oak Harbor
 Ottawa County
Statement of Activities - Cash Basis
 For the Year Ended December 31, 2021

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Current:							
Security of Persons and Property	\$1,081,375	\$310	\$4,386		(\$1,076,679)		(\$1,076,679)
Public Health Services	8,732				(8,732)		(8,732)
Leisure Time Activities	45,049				(45,049)		(45,049)
Community Environment	7,945				(7,945)		(7,945)
Transportation	393,819	3,134	452,713		62,028		62,028
General Government	234,417	215,886	141,781		123,250		123,250
Capital Outlay	5,130,370	1,900		\$2,971,962	(2,156,508)		(2,156,508)
Debt Service:							
Principal Retirement	9,099				(9,099)		(9,099)
<i>Total Governmental Activities</i>	<u>6,910,806</u>	<u>221,230</u>	<u>598,880</u>	<u>2,971,962</u>	<u>(3,118,734)</u>		<u>(3,118,734)</u>
Business-Type Activities							
Water	1,108,612	1,132,124				\$23,512	23,512
Sanitary Sewer	1,161,145	1,136,749				(24,396)	(24,396)
Electric	4,122,606	3,112,823				(1,009,783)	(1,009,783)
Storm Drainage	310,604	372,199				61,595	61,595
Utilities Deposit	11,551	8,231				(3,320)	(3,320)
<i>Total Business-Type Activities</i>	<u>6,714,518</u>	<u>5,762,126</u>				<u>(952,392)</u>	<u>(952,392)</u>
<i>Total Primary Government</i>	<u>\$13,625,324</u>	<u>\$5,983,356</u>	<u>\$598,880</u>	<u>\$2,971,962</u>	<u>(3,118,734)</u>	<u>(952,392)</u>	<u>(4,071,126)</u>
General Receipts:							
Property Taxes Levied for:							
General Purposes					240,335		240,335
Security of Persons and Property					123,963		123,963
Street					102,486		102,486
Income Taxes					905,454		905,454
Grants and Entitlements not Restricted to Specific Programs					158,327		158,327
Loans issued					1,452,167		1,452,167
Sale of Capital Assets					19,605	10,020	29,625
Cable Franchise Fees					21,477		21,477
Earnings on Investments					61,447		61,447
Miscellaneous					61,171	2,300	63,471
<i>Total General Receipts</i>					<u>3,146,432</u>	<u>12,320</u>	<u>3,158,752</u>
Change in Net Position					27,698	(940,072)	(912,374)
<i>Net Position Beginning of Year</i>					<u>2,282,049</u>	<u>7,644,583</u>	<u>9,926,632</u>
<i>Net Position End of Year</i>					<u>\$2,309,747</u>	<u>\$6,704,511</u>	<u>\$9,014,258</u>

See accompanying notes to the basic financial statements

Village of Oak Harbor
Ottawa County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2021

	General	Church Street Sewer Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$1,106,768</u>	<u>\$119,615</u>	<u>\$1,083,364</u>	<u>\$2,309,747</u>
Fund Balances				
Nondspendable	\$11,309			\$11,309
Restricted		\$119,615	\$945,501	1,065,116
Committed			137,863	137,863
Assigned	1,095,045			1,095,045
Unassigned	<u>414</u>			<u>414</u>
<i>Total Fund Balances</i>	<u>\$1,106,768</u>	<u>\$119,615</u>	<u>\$1,083,364</u>	<u>\$2,309,747</u>

See accompanying notes to the basic financial statements

Village of Oak Harbor
Ottawa County
Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2021

	General	Church Street Sewer Improvement	Other Governmental Funds	Total Governmental Funds
Receipts				
Municipal Income Taxes	\$905,454			\$905,454
Property and Other Local Taxes	240,335		\$226,449	466,784
Intergovernmental	158,327	\$2,971,962	598,880	3,729,169
Special Assessments			3,134	3,134
Charges for Services	209,241		1,000	210,241
Fines, Licenses and Permits	6,645		1,210	7,855
Cable Franchise Fees	21,477			21,477
Gifts and Contributions	44,715			44,715
Earnings on Investments	61,447			61,447
Miscellaneous	14,365		2,091	16,456
<i>Total Receipts</i>	<u>1,662,006</u>	<u>2,971,962</u>	<u>832,764</u>	<u>5,466,732</u>
Disbursements				
Current:				
Security of Persons and Property	994,149		87,226	1,081,375
Public Health Services	8,732			8,732
Leisure Time Activities	45,049			45,049
Community Environment	7,945			7,945
Transportation	235,244		158,575	393,819
General Government	224,511		9,906	234,417
Capital Outlay	108,724	4,433,738	587,908	5,130,370
Debt Service:				
Principal Retirement			9,099	9,099
<i>Total Disbursements</i>	<u>1,624,354</u>	<u>4,433,738</u>	<u>852,714</u>	<u>6,910,806</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>37,652</u>	<u>(1,461,776)</u>	<u>(19,950)</u>	<u>(1,444,074)</u>
Other Financing Sources (Uses)				
Other Debt Issued		1,452,167		1,452,167
Sale of Capital Assets			19,605	19,605
Transfers In	403		91,984	92,387
Transfers Out	(90,403)		(1,984)	(92,387)
<i>Total Other Financing Sources (Uses)</i>	<u>(90,000)</u>	<u>1,452,167</u>	<u>109,605</u>	<u>1,471,772</u>
<i>Net Change in Fund Balances</i>	(52,348)	(9,609)	89,655	27,698
<i>Fund Balances Beginning of Year</i>	<u>1,159,116</u>	<u>129,224</u>	<u>993,709</u>	<u>2,282,049</u>
<i>Fund Balances End of Year</i>	<u>\$1,106,768</u>	<u>\$119,615</u>	<u>\$1,083,364</u>	<u>\$2,309,747</u>

See accompanying notes to the basic 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, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Municipal Income Taxes	\$881,275	\$881,275	\$905,454	\$24,179
Property and Other Local Taxes	155,700	155,700	240,335	84,635
Intergovernmental	154,099	154,099	158,327	4,228
Charges for Services	203,653	203,653	209,241	5,588
Fines, Licenses and Permits	6,468	6,468	6,645	177
Cable Franchise Fees	20,904	20,904	21,477	573
Gifts and Contributions	43,521	43,521	44,715	1,194
Earnings on Investments	59,806	59,806	61,447	1,641
Miscellaneous	13,875	13,875	14,256	381
<i>Total Receipts</i>	<u>1,539,301</u>	<u>1,539,301</u>	<u>1,661,897</u>	<u>122,596</u>
Disbursements				
Current:				
Security of Persons and Property	1,053,100	1,053,100	1,012,422	40,678
Public Health Services	8,732	8,732	8,732	
Leisure Time Activities	77,413	77,413	49,751	27,662
Community Environment	59,546	59,546	10,075	49,471
Transportation	281,752	281,752	244,510	37,242
General Government	402,488	402,488	227,398	175,090
Capital Outlay	714,077	714,077	121,224	592,853
<i>Total Disbursements</i>	<u>2,597,108</u>	<u>2,597,108</u>	<u>1,674,112</u>	<u>922,996</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(1,057,807)</u>	<u>(1,057,807)</u>	<u>(12,215)</u>	<u>1,045,592</u>
Other Financing Sources (Uses)				
Transfers In			403	403
Transfers Out	(90,000)	(90,000)	(90,403)	(403)
<i>Total Other Financing Sources (Uses)</i>	<u>(90,000)</u>	<u>(90,000)</u>	<u>(90,000)</u>	
<i>Net Change in Fund Balance</i>	(1,147,807)	(1,147,807)	(102,215)	1,045,592
<i>Unencumbered Fund Balance Beginning of Year</i>	1,118,664	1,118,664	1,118,664	
Prior Year Encumbrances Appropriated	40,452	40,452	40,452	
<i>Unencumbered Fund Balance End of Year</i>	<u>\$11,309</u>	<u>\$11,309</u>	<u>\$1,056,901</u>	<u>\$1,045,592</u>

See accompanying notes to the basic financial statements

Village of Oak Harbor
Ottawa County
Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2021

	Business-Type Activities				Total Enterprise Funds
	Water Fund	Sewer Fund	Electric Fund	Other Enterprise Funds	
Assets					
Equity in Pooled Cash and Cash Equivalents	\$2,717,697	\$1,021,670	\$2,124,876	\$840,268	\$6,704,511
Net Position					
Unrestricted	\$2,717,697	\$1,021,670	\$2,124,876	\$840,268	\$6,704,511

See accompanying notes to the basic financial statements

Village of Oak Harbor
Ottawa County
Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2021

	Business-Type Activities				Total Enterprise Funds
	Water	Sewer	Electric	Other Enterprise Funds	
Operating Receipts					
Charges for Services	\$1,127,252	\$1,114,538	\$2,981,098	\$380,112	\$5,603,000
Other Operating Receipts	4,872	22,211	131,725	318	159,126
<i>Total Operating Receipts</i>	<u>1,132,124</u>	<u>1,136,749</u>	<u>3,112,823</u>	<u>380,430</u>	<u>5,762,126</u>
Operating Disbursements					
Personal Services	192,048	277,269	339,620		808,937
Employee Fringe Benefits	76,617	132,704	146,967		356,288
Contractual Services	612,524	150,564	2,243,156	1,613	3,007,857
Supplies and Materials	47,219	66,720	50,142		164,081
Travel and Transportation			575		575
<i>Total Operating Disbursements</i>	<u>928,408</u>	<u>627,257</u>	<u>2,780,460</u>	<u>1,613</u>	<u>4,337,738</u>
<i>Operating Income</i>	<u>203,716</u>	<u>509,492</u>	<u>332,363</u>	<u>378,817</u>	<u>1,424,388</u>
Non-Operating Receipts (Disbursements)					
Sale of Capital Assets				10,020	10,020
Miscellaneous		2,300			2,300
Capital Outlay	(47,416)	(137,800)	(1,211,504)		(1,396,720)
Principal Retirement	(88,811)	(316,696)	(129,553)	(220,658)	(755,718)
Interest and Other Fiscal Charges	(42,149)	(79,392)	(672)	(88,333)	(210,546)
Other Financing Uses	(1,828)		(417)	(11,551)	(13,796)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(180,204)</u>	<u>(531,588)</u>	<u>(1,342,146)</u>	<u>(310,522)</u>	<u>(2,364,460)</u>
<i>Change in Net Position</i>	23,512	(22,096)	(1,009,783)	68,295	(940,072)
<i>Net Position Beginning of Year</i>	<u>2,694,185</u>	<u>1,043,766</u>	<u>3,134,659</u>	<u>771,973</u>	<u>7,644,583</u>
<i>Net Position End of Year</i>	<u><u>\$2,717,697</u></u>	<u><u>\$1,021,670</u></u>	<u><u>\$2,124,876</u></u>	<u><u>\$840,268</u></u>	<u><u>\$6,704,511</u></u>

See accompanying notes to the basic financial statements

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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 is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term.

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

Primary Government

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

Public Entity Risk Pool, Joint Ventures, and Jointly Governed Organization

The Village participates in a public entity risk pool, several joint ventures, and two jointly governed organizations. Notes 7, 11, and 15 to the basic financial statements provides additional information for these entities.

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.

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. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

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

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

Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented in two categories: governmental and proprietary.

Governmental Funds Governmental funds are those through which most governmental functions of the Village are financed. The following 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.

Church Street Sewer Improvement Fund The Church Street Sewer Improvement Fund accounts for and reports federal loan and grant money 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 or committed to a particular purpose.

Proprietary Funds The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified either as enterprise funds or internal service funds. The Village did not have any 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:

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

Basis of Accounting

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

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

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

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

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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 2021, the Village invested in a money market fund, negotiable certificates of deposit, federal agency securities, U.S. Treasury notes, and STAR Ohio. Investments are reported at cost, except for STAR Ohio.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, “Certain External Investment Pools and Pool Participants.” The Village measures its investment in STAR Ohio 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.

For 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

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 2021 were \$61,447, which includes \$6,897 assigned from other Village funds.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that are required to be held for five years before they may be utilized by the Village are reported as restricted.

Inventory and Prepaid Items

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

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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.

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for American Rescue Plan Act funding and unclaimed monies.

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

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Village Council or a Village official delegated that authority by resolution or by State Statute. State Statute authorizes the Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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.

Internal Activity

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 3 - Fund Balances

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

Fund Balances	General	Church Street Sewer Improvement	Other Governmental Funds	Total Governmental Funds
Nonspendable				
Unclaimed Monies	\$ 11,309	\$ -	\$ -	\$ 11,309
Restricted for				
Capital Improvements	-	119,615	-	119,615
Road Improvements	-	-	738,010	738,010
Police Operations	-	-	48,154	48,154
Other	-	-	159,337	159,337
<i>Total restricted</i>	-	119,615	945,501	1,065,116
Committed to				
Capital Improvements	-	-	126,125	126,125
Other	-	-	11,738	11,738
<i>Total committed</i>	-	-	137,863	137,863
Assigned to				
Encumbrances	49,757	-	-	49,757
Subsequent Year Appropriations	1,045,288	-	-	1,045,288
<i>Total assigned</i>	1,095,045	-	-	1,095,045
Unassigned	414	-	-	414
<i>Total fund balances</i>	<u>\$ 1,106,768</u>	<u>\$ 119,615</u>	<u>\$ 1,083,364</u>	<u>\$ 2,309,747</u>

Note 4 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes In Fund Balance - Budget and Actual - Budget Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as assigned fund balance (cash basis).

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

	<u>General</u>
Cash Basis	(\$52,348)
Encumbrances	<u>(49,867)</u>
Budget Basis	<u><u>(\$102,215)</u></u>

Note 5 - Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (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;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

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

At year end, the Village had \$1,025 in undeposited cash on hand, which is included as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits

At December 31, 2021, the carrying amount of all Village deposits was \$3,997,205. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2021, \$500,000 of the Village's bank balance of \$4,047,396 was covered by the FDIC, while \$3,547,396 was exposed to custodial risk as discussed below.

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. The Village has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Village and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in 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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Village to a successful claim by the FDIC.

Investments

The fair value of these investments is not materially different than measurement value. As of December 31, the Village had the following investments:

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Investment Type	Measurement Value	Investment Maturities (in Years)		
		Less than 1	1-2	3-5
Money Market Fund	\$ 9,637	\$ 9,637	\$ -	\$ -
Negotiable CDs	2,157,000	660,000	1,362,000	135,000
STAR Ohio	1,039,391	1,039,391		
US Government Agency Obligations	1,810,000		830,000	980,000
Total Investments	<u>\$ 5,016,028</u>	<u>\$ 1,709,028</u>	<u>\$2,192,000</u>	<u>\$1,115,000</u>

Interest Rate Risk 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 limiting investment portfolio maturities to five years or less.

Credit Risk The Village’s investments were rated AA+ and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. Standard & Poor’s has assigned STAR Ohio an AAAM money market rating. STAR Ohio must maintain the highest letter or numerical rating provided by at least one nationally recognized standard rating service. The Village has no investment policy dealing with investment credit risk beyond the requirements in State statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty’s trust department or agent but not in the Village’s name. The Village has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk The Village places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Village at December 31, 2021:

Investment type	Amount	Percent of Total
Money Market	\$ 9,637	0.19%
Negotiable CDs	2,157,000	43.01%
STAR Ohio	1,039,391	20.72%
FFCB	605,000	12.06%
FHLB	120,000	2.39%
FNMA	635,000	12.66%
FMCC	250,000	4.98%
US Treasury Notes	200,000	3.99%
Total	<u>\$ 5,016,028</u>	<u>100%</u>

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 6 - Taxes

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2021 for real and public utility property taxes represents collections of 2020 taxes.

2021 real property taxes are levied after October 1, 2021, on the assessed value as of January 1, 2021, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2021 real property taxes are collected in and intended to finance 2022.

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. 2021 public utility property taxes which became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2021, was \$11.17 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2021 property tax receipts were based are as follows:

	2021
	<u>Collection Year</u>
Real Property	\$ 49,331,360
Public Utility Personal Property	<u>825,590</u>
Total Assessed Value	<u>\$ 50,156,950</u>

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

Income Taxes

The Village levies a 1% income tax on substantially all income earned in the Village as well as certain income of residents earned outside the Village. Employers within the Village withhold income tax on employee compensation. Corporations and other individual taxpayers remit estimated taxes quarterly and file a declaration annually. In 2021, the receipts were allocated to the General Fund.

Note 7 - Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Risk Pool Membership

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

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

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$ 21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u>\$ 6,740,056</u>

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

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of their benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022

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

	<u>State and Local</u>
2021 Statutory Maximum Contribution Rates	
Employer	14%
Employee	10%
 2021 Actual Contribution Rates	
Employer:	
Pension	14%
Post-employment Health Care Benefits	0%
Total Employer	14%
Employee	10%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village’s contractually required contribution was \$191,744 for year 2021.

Ohio Police and Fire Pension Fund

Plan Description - Village full-time police in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. 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 and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits):

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.0 percent of the member’s base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member’s base pension benefit where the percentage is the lesser of 3.0% or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

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

	Police
2021 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee	12.25 %
 2021 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	0.50 %
Total Employer	19.50 %
Employee	12.25 %

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Employer contribution rates are expressed as a percentage of covered payroll. The Village's contractually required contribution to OPF was \$81,962 for 2021.

Social Security

Several Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

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 9 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$0 for 2021.

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 health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2021, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. 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.

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

The Village's contractually required contribution to OP&F was \$1,310 for 2021.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 10 - Debt

Long-Term Obligations

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
Ohio Water Development Authority (OWDA) Loans:			
2007 Combined Sewer Overflow (CSO) - 4806	2.86%	\$ 5,916,611	January 1, 2029
2009 Supplemental CSO - 5212	2.93%	348,916	January 1, 2029
2011 CSO Basin Improvements - 5953	3.36 - 3.77%	976,324	January 1, 2023
2019 West Water Service Extension - 8546	0.00%	373,460	July 1, 2040
Ohio Public Works Commission (OPWC) Loan:			
CE03R State Route 163 Waterline Replacement Phase II	0.00%	129,675	January 1, 2036
Croghan Colonial Bank Loan:			
Street Sweeper - 26091559	3.15%	197,035	May 25, 2023
AMP Ohio Loan:			
OMEGA JV5	Varies	1,572,761	February 15, 2030
General Obligation Loan			
Capital Facilities Bond - Series 2020	Varies	4,999,000	September 1, 2060
Revenue Bonds:			
Water System Improvement Bond - Series 2020	2.50%	1,300,000	December 1, 2040
Electric System Improvement Bond - Series 2020	2.50%	900,000	December 1, 2040

The changes in the Village's long-term debt during 2021 were as follows:

	Interest Rates	Balance at 1/1/2021	Increase	Decrease	Balance at 12/31/2021	Due in Less Than 1 Year
Governmental Activities:						
Street Sweeper	3.15%	\$ 28,183	\$ -	\$ (9,099)	\$ 19,084	\$ 9,391
Capital Facilities Bond	Varies	3,546,833	1,452,167	(48,271)	4,950,729	87,109
Total Governmental Activities		<u>3,575,016</u>	<u>1,452,167</u>	<u>(57,370)</u>	<u>4,969,813</u>	<u>96,500</u>
Business-Type Activities:						
Street Sweeper	3.15%	61,604	-	(19,889)	41,715	20,526
Water System Imp Bond	2.50%	1,300,000	-	(65,000)	1,235,000	65,000
Electric System Imp Bond	2.50%	900,000	-	(45,000)	855,000	45,000
OMEGA JV5	Varies	472,518	-	(84,552)	387,966	-
OPWC Loan	0%	103,740	-	(6,484)	97,256	6,484
OWDA Loans	0.00% to 3.77%	3,626,779	-	(486,522)	3,140,257	459,165
Total Business-Type Activities		<u>6,464,641</u>	<u>-</u>	<u>(707,447)</u>	<u>5,757,194</u>	<u>596,175</u>
Total Long-Term Obligations		<u>\$ 10,039,657</u>	<u>\$ 1,452,167</u>	<u>\$ (764,817)</u>	<u>\$ 10,727,007</u>	<u>\$ 692,675</u>

The Ohio Water Development Authority Loans were used for improvements to the Village's water treatment and sewer treatment systems. The loans will be paid from user charges.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

The Village was the recipient of \$605,220 in OWDA loan principal forgiveness during previous audit periods for OWDA loan 8546. The Village is required to follow the guidelines of the loan agreements. The failure to do so could result in the Village being liable for the principal forgiven. The principal outstanding above assumes the Village will fully comply with the loan guidelines and assumes full principal forgiveness.

During 2015, the Village completed Phase II of the State Route 163 Waterline Replacement Project financed through the Ohio Public Works Commission totaling \$129,676 with 0% interest to be paid from user charges.

During 2016, the Village purchased a street sweeper for use by the street department and sewer department financed through a loan from Croghan Colonial Bank. The loan totaled \$197,035 and had an interest rate of 3.15%. The loan matures in 2023.

The Omega JV5 debt relates to the purchase of Ohio Municipal Electronic Generation Agency Joint Venture (OMEGA JV5). OMEGA JV5 are distributive generation projects. OMEGA JV5 debt is composed of two series of bonds, the 2001 and the 2016 bonds. The 2001 bonds are accretion bonds with a series of balloon payments coming due around 2025. In order to not cause mass fluctuation in member rates, AMP Ohio is currently collecting ahead to be able to make those payments. As such the debt paid down will not always equal the amount of principal collected each year. An amortization schedule for the repayment of the debt is currently not available and, therefore, is not included in the schedule below.

During 2020, the Village financed Water and Electric Systems improvements through revenue bonds totaling \$1,300,000 and \$900,000 with 2.5% interest for both. The Village also financed Capital Facilities with a general obligation bond with 1.875% interest.

During 2021, the Village incurred additional Capital Facilities bonds totaling \$1,452,167 with a variable interest rate.

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Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2021 are as follows:

Year ending December 31:	OPWC Loan	OWDA Loans	Street Sweeper Loan	Water Revenue Bond	Electric Revenue Bond	Capital Facilities Bonds
2022	\$ 6,484	\$ 541,446	\$ 31,858	\$ 95,875	\$ 66,375	\$ 179,527
2023	6,484	482,831	31,869	94,250	65,250	179,527
2024	6,484	424,217	-	92,625	64,125	179,526
2025	6,484	424,218	-	91,000	63,000	179,527
2026	6,484	424,217	-	89,375	61,875	179,527
2027-2031	32,418	1,085,761	-	422,500	292,500	897,633
2032-2036	32,418	50,435	-	381,875	264,375	897,634
2037-2041	-	40,348	-	276,250	191,250	897,637
2042-2046	-	-	-	-	-	897,640
2047-2051	-	-	-	-	-	897,642
2052-2056	-	-	-	-	-	897,643
2056-2060	-	-	-	-	-	798,116
Total	<u>\$ 97,256</u>	<u>\$ 3,473,473</u>	<u>\$ 63,727</u>	<u>\$ 1,543,750</u>	<u>\$ 1,068,750</u>	<u>\$ 7,081,579</u>

Note 11 - Joint Ventures and Projects

AMP Generating Station (AMPGS) Project

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project was intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's project share was 1,000 kilowatts (kW) of a total 771,281 kW, giving the Village a 0.13 percent project 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, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share of the impaired costs at March 31, 2014 was \$172,840. The Village received a credit of \$47,283 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$45,225 related to the AMPGS costs deemed to have future benefit for the project participants. In addition the Village made payments totaling \$57,039 leaving an estimated net impaired cost balance of \$23,293. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's payments. These amounts will be recorded as they become estimable.

Since March 31, 2014 the Village has made payments of \$29,099 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$2,134 and interest on its credit balance due to its payments, credited to the Village of \$415, resulting in a net credit balance at December 31, 2020 of \$4,087.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

The Village has opted to leave the credit balance with AMP to offset any additional AMPGS Project costs in the future. The Village does have a potential PHFU Liability of \$45,905 resulting in a net total potential liability of \$41,818, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the Village's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

OMEGA JV2

The Village is a Non-Financing Participant and an Owner Participant with an ownership percentage of .55% and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants. Pursuant to the OMEGA JV2 Agreement, the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP and to pay or incur the costs of the same in accordance with the JV2 Agreement.

OMEGA JV2 is a cooperative project composed of 36 AMP member communities. The joint venture owns three gas turbine peaking generation units and 35 diesel units. The project has a subscribed capacity of 134,096 megawatts. Thirty-four of the diesel units were upgraded in 2015 with Diesel Oxidation Catalysts to meet the new RICE NESHAP rules. AMP manages the project on behalf of participants and can operate the diesel units remotely from its Energy Control Center to provide participating communities with reduced capacity costs, energy and transmission charges, and distributed generation during times of high market energy prices.

The debt was extinguished in January of 2018. The Village's net investment in OMEGA JV2 was \$17,609 at December 31, 2021. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

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Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2021 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	11.48%	15,400	Monroeville	0.57%	764
Cuyahoga Falls	7.46%	10,000	Milan	0.55%	737
Wadsworth	5.81%	7,784	Oak Harbor	0.55%	737
Painesville	5.22%	7,000	Elmore	0.27%	364
Dover	5.22%	7,000	Jackson Center	0.22%	300
Galion	4.29%	5,753	Napoleon	0.20%	264
Amherst	3.73%	5,000	Lodi	0.16%	218
St. Mary's	2.98%	4,000	Genoa	0.15%	199
Montpelier	2.98%	4,000	Pemberville	0.15%	197
Shelby	1.89%	2,536	Lucas	0.12%	161
Versailles	1.24%	1,660	South Vienna	0.09%	123
Edgerton	1.09%	1,460	Bradner	0.09%	119
Yellow Springs	1.05%	1,408	Woodville	0.06%	81
Oberlin	0.91%	1,217	Haskins	0.05%	73
Pioneer	0.86%	1,158	Arcanum	0.03%	44
Seville	<u>0.80%</u>	<u>1,066</u>	Custar	<u>0.00%</u>	<u>4</u>
	<u>95.20%</u>	<u>127,640</u>		<u>4.80%</u>	<u>6,441</u>
			Grand Total	<u>100.00%</u>	<u>134,081</u>

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

OMEGA JV5

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

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

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

Also pursuant to this Agreement, each participant has an obligation to pay its share of debt service on 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.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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 2021, Village has met its debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to makes 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 of 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.

In 1993, OMEGA JV5 assigned to a trustee the obligations of its participants to make payments for their respective ownership shares in the "Belleville Project," a 42 MW run-of-the-river hydroelectric generating facility on an Army Corps dam near Belleville, Ohio, an associated transmission line in Ohio and backup diesel generation owned by OMEGA JV5. AMP is responsible for operation of the Belleville Project. The hydroelectric generation associated with the Belleville Project has been operational since June 1999. The diesel generation units have been in service since 1995. OMEGA JV5 Participants have approved the retirement and sale of diesel units. The Federal Energy Regulatory Commission license for the Belleville Project runs through August 31, 2039. As of June 1, 2021, \$41,221,103 of the 2001 Belleville Beneficial Interest Certificates (*2001 BICs*) with a final maturity of 2030 was outstanding. The 2001 BICs are capital appreciation bonds with a final aggregate maturity amount of \$56,125,000. In addition, on February 15, 2014, AMP redeemed \$70,990,000 of the 2004 Belleville Beneficial Interest Certificates with the proceeds of a draw on the Line of Credit, which draw was evidenced by the proceeds of a note (the *JV5 Note*). On January 29, 2016, OMEGA JV5 caused the issuance of \$49,745,000 Belleville Beneficial Interest Refunding Certificates, Series 2016 (the *2016 BICs*) to pay a portion of the outstanding balance of the JV5 Note and to pay costs of issuance. The balance of the JV5 Note has since been retired. The 2016 BICs bear interest at a variable rate, mature on February 1, 2024 and are subject to redemption and mandatory tender at the option of the holder commencing February 15, 2021. The 2001 BICs and 2016 BICs are non-recourse to AMP. AS of December 31, 2021, the outstanding debt was \$42,360,731.

The Village's net investment and its share of the operating results of OMEGA JV5 are reported in the Village's Electric Operating Fund (an Enterprise Fund). The Village's net investment to date in OMEGA JV5 was \$28,172 at December 31, 2021. Complete financial statements for OMEGA JV5 can be obtained from AMP at 1111 Schrock Road, Columbus, Ohio 43229, or from the State Auditor's website at www.ohioauditor.gov.

Combined Hydroelectric Projects

AMP owns and operates three hydroelectric projects, the Cannelton, the Smithland and the Willow Island hydroelectric generating facilities (the Combined Hydroelectric Projects), all on the Ohio River, with an aggregate generating capacity of approximately 208 MW. Each of the Combined Hydroelectric Projects is in commercial operation and consists of run-of-the-river hydroelectric generating facilities on existing Army Corps dams and includes associated transmission facilities. AMP holds the licenses from FERC for the Combined Hydroelectric Projects.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

To provide financing for the Combined Hydroelectric Projects, AMP has issued eight series of its Combined Hydroelectric Projects Revenue Bonds (the Combined Hydroelectric Bonds), in an original aggregate principal amount of \$2,254,955,000 and consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Combined Hydroelectric Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 79 of its Members. As of December 31, 2021, \$2,119,182,647 aggregate principal amount of the Combined Hydroelectric Bonds and approximately \$31.1 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the Combined Hydroelectric Bonds.

The Village has executed a take-or-pay power sales contract with AMP as a participant of the Combined Hydroelectric Projects of 500 kW or 0.24% of capacity and associated energy from the Combined Hydroelectric Projects.

AMP Fremont Energy Center (AFEC)

On July 28, 2011, AMP acquired from FirstEnergy Generation Corporation (FirstEnergy) the Fremont Energy Center (AFEC), then nearing completion of construction and located in Fremont, Sandusky County, Ohio. Following completion of the commissioning and testing, AMP declared AFEC to be in commercial operation as of January 20, 2012. The AMP Fremont Energy Center is a natural gas fired, combined cycle, electric power generation plant with a capacity of 512 MW (unfired)/675 MW (fired), consisting of two combustion turbines, two heat recovery steam generators and one steam turbine and condenser. AMP subsequently sold a 5.16% undivided ownership interest in AFEC to Michigan Public Power Agency and entered into a power sales contract with the Central Virginia Electric Cooperative for the output associated with a 4.15% undivided ownership interest in AFEC. The output of AFEC associated with the remaining 90.69% undivided ownership interest (the 90.69% Interest) is sold to AMP Members pursuant to a take-or-pay power sales contract with 87 of its members (the “AFEC Power Sales Contract”).

To provide permanent financing for the 90.69% Interest, in 2012, AMP issued, in two series \$546,085,000 of its AMP Fremont Energy Center Project Revenue Bonds (the AFEC Bonds), consisting of taxable and tax-exempt obligations. The AFEC Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under the AFEC Power Sales Contract. On December 20, 2017, AMP issued bonds to refund all of the callable tax-exempt AFEC Bonds issued in 2012. As of December 31, 2021, \$405,280,000 aggregate principal amount of AFEC Bonds was outstanding.

The Village has executed a take-or-pay power sales contract with AMP as a participant of the AFEC of 440 kW or 0.09% of capacity and associated energy from the AFEC.

Prairie State Energy Campus

On December 20, 2007, AMP acquired a 23.26% undivided ownership interest (the PSEC Ownership Interest) in the Prairie State Energy Campus (PSEC), a two-unit, supercritical coal-fired power plant designed to have a net rated capacity of approximately 1,582 MW and associated facilities in southwest Illinois. The PSEC Ownership Interest is held by AMP 368 LLC, a single-member Delaware limited liability company (AMP 368 LLC). AMP is the owner of the sole membership interest in AMP 368 LLC. Construction of the PSEC commenced in October 2007. Unit 1 of the PSEC commenced operations in the second quarter of 2012 and Unit 2 of the PSEC commenced operations in the fourth quarter of 2012.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

From July 2008 through September 2010, AMP issued five series of Prairie State Energy Campus Revenue Bonds (collectively, the Initial Prairie State Bonds) to finance PSEC project costs and PSEC related expenses. The Initial Prairie State Bonds consist of tax-exempt, taxable and tax advantaged Build America Bonds issued in the original aggregate principal amount of \$1,696,800,000. On January 14, 2015 and November 30, 2017, AMP issued bonds to refund all of the callable tax-exempt Initial Prairie State Bonds issued in 2008 and 2009. As of December 31, 2021, AMP had \$1,413,165,000 aggregate principal amount of Prairie State Bonds.

AMP sells the power and energy from the PSEC Ownership Interest pursuant to a take-or-pay power sales contract with 68 Members (the Prairie State Participants). The Prairie State Bonds are net revenue obligations of AMP, secured by a master trust indenture, payable primarily from the payments to be made by the Prairie State Participants under the terms of the Prairie State Power Sales Contract.

The Village has executed a take-or-pay power sales contract with AMP as a participant of the PSEC of 995 kW or 0.27% of capacity and associated energy from the PSEC.

Solar Electricity Prepayment Project

In 2016, AMP entered into the NextEra PPA pursuant to the terms of which AMP agreed to purchase and a subsidiary of NextEra agreed to sell all of the power and energy generated by solar generation facilities (each, a System), each of which is located behind the meter of an AMP Member's Electric System. Under the terms of the NextEra PPA, AMP is required to prepay for twenty-five years of energy to be generated by each System at a "P90" confidence interval, meaning that, in any given year, the probability of exceeding such level of production is ninety percent (90%), and assuming a 0.5% degradation factor. Sixteen Systems with a rated capacity of approximately 58.325 MW have entered commercial operation. Amp has issued two series of Bonds consisting of the Series 2019A and 2020A in the amount of \$80,675,000 to provide financing for the project.

The Village has executed a take-or-pay power sales contract with AMP as a participant of the System of 667 kW or 1.14% of capacity and associated energy from the System.

Note 12 - Contingent Liabilities

Management believes there are no pending claims or lawsuits.

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 13 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 14 - Interfund Transfers

During 2021, the following transfers were made:

Fund	Transfers In	Transfers Out
General (Major)	\$ 403	\$ (90,403)
Other Nonmajor Governmental Funds	91,984	(1,984)
Total Governmental Funds	\$ 92,387	\$ (92,387)

The above mentioned Transfers From/To were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Nonroutine transfers from the General Fund and other nonmajor governmental funds were in compliance with Ohio Revised Code to either account for unclaimed monies or close out a fund that is no longer needed.

Note 15 - Jointly Governed Organizations

Portage Fire District

The Village is a member of Portage Fire District (the District). The District is comprised of the Village of Oak Harbor (the Village) and Salem Township (the Township). A three-member Board of Trustees governs the District. The Village and the Township each appoint one member. The third member is a citizen of the District and is approved jointly by the Village and Township. The District provides fire protection services within the District and by contract to areas outside the District. Financial information can be obtained by contacting the District Fiscal Officer at 242 West Water Street, Oak Harbor, Ohio 43449.

Regional Income Tax Agency

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collecting income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2021, the Village paid RITA \$26,157 for income tax collection services.

Note 16 - Construction and Contractual Commitments

The Church Street Sewer Improvement Project was not complete as of year-end. At December 31, 2021 the Village had \$610,273 appropriated for the project and expended \$32,247, leaving an unexpended budget balance of \$578,026 for the project in subsequent years.

**VILLAGE OF OAK HARBOR
OTTAWA COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through Ottawa County</i>			
COVID-19 Coronavirus Relief Fund	21.019	HB481-CRF-Local	\$9,819
Total U.S. Department of Treasury			<u>9,819</u>
U.S. DEPARTMENT OF AGRICULTURE			
<i>Direct Program</i>			
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	4,424,129
Total U.S. Department of Agriculture			<u>4,424,129</u>
Total Expenditures of Federal Awards			<u><u>\$4,433,948</u></u>

The accompanying notes are an integral part of this schedule.

**VILLAGE OF OAK HARBOR
OTTAWA COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Village of Oak Harbor, Ottawa County, Ohio (the Village) under programs of the federal government for the year ended December 31, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position or changes in financial position of the Village.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C - INDIRECT COST RATE

The Village has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - MATCHING REQUIREMENTS

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

OHIO AUDITOR OF STATE KEITH FABER



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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 Oak Harbor
Ottawa County
P.O. Box 232
Oak Harbor, Ohio 43449-0232

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Oak Harbor, Ottawa County, Ohio (the Village) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated January 23, 2023, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent period of the Village.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Village's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Village's response to the finding identified in our audit and described in the accompanying schedule of findings and corrective action plan. The Village's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

January 23, 2023

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Village of Oak Harbor
Ottawa County
P.O. Box 232
Oak Harbor, Ohio 43449-0232

To the Village Council:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Village of Oak Harbor, Ottawa County, Ohio's (the Village) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Village of Oak Harbor's major federal program for the year ended December 31, 2021. The Village of Oak Harbor's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, the Village of Oak Harbor complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Village's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The Village's management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Village's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Village's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Village's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Village's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Village's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

January 23, 2023

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**VILLAGE OF OAK HARBOR
OTTAWA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2021**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Program (list):	Water and Waste Disposal Systems for Rural Communities - AL #10.760
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

FINDING NUMBER 2021-001

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.

The following errors requiring adjustment to the basic financial statements for the year ended December 31, 2021 were identified:

- Governmental Activities capital grants and contributions in the amount of \$2,971,962 were incorrectly reported as loans issued on the Statement of Activities; and
- Other Governmental Funds intergovernmental receipts in the amount \$220,000 were incorrectly reported as property and other taxes receipts.

These errors were not identified and corrected prior to the Village preparing its basic financial statements due to deficiencies in the Village's internal controls over financial statement monitoring. The failure to adequately monitor financial statements could allow for misstatements to occur and go undetected. The accompanying basic financial statements have been adjusted to reflect these changes. In addition to the adjustments noted above, we also identified additional misstatements in the basic financial statements ranging from \$1,675 to \$84,553 and certain insignificant modifications to the notes to the basic financial statements that we have brought to the Village's attention.

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

Officials' Response:

See Corrective Action Plan.

3. FINDINGS FOR FEDERAL AWARDS

None.



VILLAGE OF OAK HARBOR

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR 200.511(b) DECEMBER 31, 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	Material weakness for errors in financial reporting initially reported as Finding 2017-001.	Not corrected and reissued as Finding 2021-001 in this report.	This matter was not corrected due to deficiencies in the Village's internal controls over financial reporting. A new company will be completing the year-end report.
2020-002	Finding for recovery related to income tax receipts.	Fully corrected.	

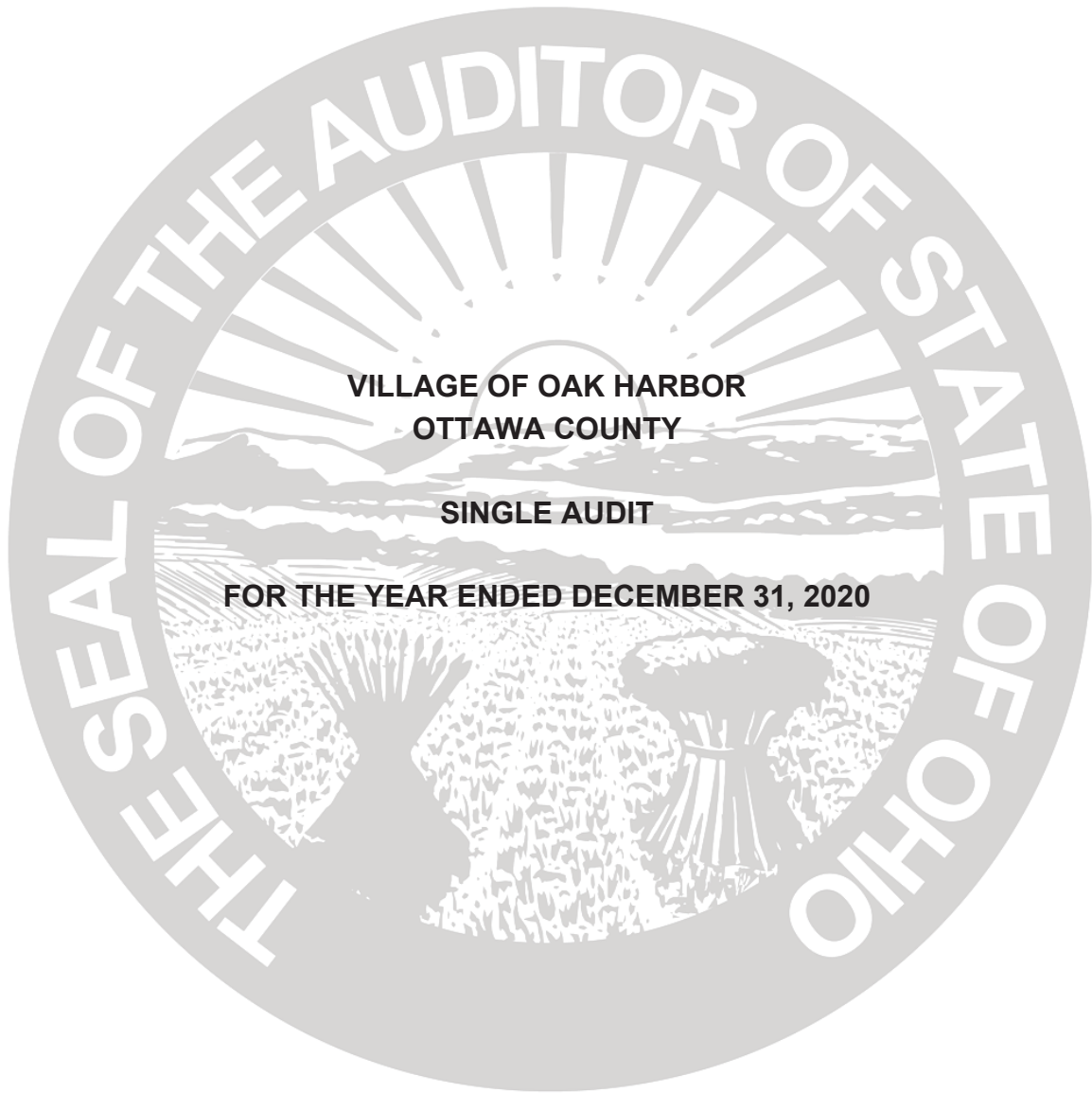


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CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) DECEMBER 31, 2021

Finding Number:	2021-001
Planned Corrective Action:	A new company will be completing the year-end report.
Anticipated Completion Date:	December, 31 2022
Responsible Contact Person:	Danna McClanahan, Fiscal Officer



**VILLAGE OF OAK HARBOR
OTTAWA COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2020

**VILLAGE OF OAK HARBOR
OTTAWA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - Cash Basis December 31, 2020	5
Statement of Activities - Cash Basis For the Year Ended December 31, 2020	6
Fund Financial Statements:	
Statement of Assets and Fund Balances - Cash Basis Governmental Funds December 31, 2020	7
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis Governmental Funds For the Year Ended December 31, 2020	8
Statement of Receipts, Disbursements and Changes In Fund Balance - Budget and Actual - Budget Basis General Fund For the Year Ended December 31, 2020	9
Statement of Fund Net Position - Cash Basis Proprietary Funds December 31, 2020	10
Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis Proprietary Funds For the Year Ended December 31, 2020	11
Notes to the Basic Financial Statements For the Year Ended December 31, 2020	12
Schedule of Expenditures of Federal Awards For the Year Ended June December 31, 2020	39
Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June December 31, 2020	40
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	41
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.	43

VILLAGE OF OAK HARBOR
OTTAWA COUNTY

TABLE OF CONTENTS
(Continued)

TITLE	PAGE
Schedule of Findings.....	45
Prepared by Management:	
Summary Schedule of Prior Audit Findings	48
Corrective Action Plan	49

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Oak Harbor
Ottawa County
P.O. Box 232
Oak Harbor, Ohio 43449-0232

To the Village Council:

Report on the Financial Statements

We have audited the accompanying cash-basis 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 year ended December 31, 2020, 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 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.

Efficient • Effective • Transparent

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, as of December 31, 2020, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Emphasis of Matter

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2023, 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

January 23, 2023

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Village of Oak Harbor
Ottawa County
Statement of Net Position - Cash Basis
December 31, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,282,049	\$7,644,583	\$9,926,632
Net Position			
Restricted for:			
Police Operations	\$58,006		\$58,006
Road Improvements	769,216		769,216
Capital Improvements	129,224		129,224
Other Purposes	37,685		37,685
Unrestricted	1,287,918	\$7,644,583	8,932,501
<i>Total Net Position</i>	<u>\$2,282,049</u>	<u>\$7,644,583</u>	<u>\$9,926,632</u>

See accompanying notes to the basic financial statements

Village of Oak Harbor
Ottawa County
 Statement of Activities - Cash Basis
 For the Year Ended December 31, 2020

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Current:							
Security of Persons and Property	\$758,989	\$179,566	\$12,195		(\$567,228)		(\$567,228)
Public Health Services	8,838				(8,838)		(8,838)
Leisure Time Activities	42,266				(42,266)		(42,266)
Community Environment	3,143	3,980			837		837
Transportation	347,204	4,993	257,514		(84,697)		(84,697)
General Government	406,628	10,786	173,480		(222,362)		(222,362)
Capital Outlay	3,634,338	10,700		\$308,595	(3,315,043)		(3,315,043)
Debt Service:							
Principal Retirement	403,239				(403,239)		(403,239)
<i>Total Governmental Activities</i>	<u>5,604,645</u>	<u>210,025</u>	<u>443,189</u>	<u>308,595</u>	<u>(4,642,836)</u>		<u>(4,642,836)</u>
Business-Type Activities							
Water	951,056	1,167,336				\$216,280	216,280
Sanitary Sewer	986,963	1,341,855				354,892	354,892
Electric	2,838,615	3,077,037				238,422	238,422
Storm Drainage	166,414	352,075				185,661	185,661
Utilities Deposit	9,637	7,812				(1,825)	(1,825)
<i>Total Business-Type Activities</i>	<u>4,952,685</u>	<u>5,946,115</u>				<u>993,430</u>	<u>993,430</u>
<i>Total Primary Government</i>	<u>\$10,557,330</u>	<u>\$6,156,140</u>	<u>\$443,189</u>	<u>\$308,595</u>	<u>(4,642,836)</u>	<u>993,430</u>	<u>(3,649,406)</u>
		General Receipts:					
		Property Taxes Levied for:					
		General Purposes			234,477		234,477
		Security of Persons and Property			122,113		122,113
		Street			97,439		97,439
		Income Taxes			818,054		818,054
		Grants and Entitlements not Restricted to Specific Programs			69,947		69,947
		Sale of Bonds				2,200,000	2,200,000
		Loans Issued			3,561,088		3,561,088
		Insurance Proceeds			23,123		23,123
		Cable Franchise Fees			21,620		21,620
		Earnings on Investments			72,850		72,850
		Miscellaneous			46,208		46,208
		<i>Total General Receipts</i>			<u>5,066,919</u>	<u>2,200,000</u>	<u>7,266,919</u>
		Change in Net Position			424,083	3,193,430	3,617,513
		<i>Net Position Beginning of Year</i>			<u>1,857,966</u>	<u>4,451,153</u>	<u>6,309,119</u>
		<i>Net Position End of Year</i>			<u>\$2,282,049</u>	<u>\$7,644,583</u>	<u>\$9,926,632</u>

See accompanying notes to the basic financial statements

Village of Oak Harbor
Ottawa County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2020

	General	Church Street Sewer Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$1,159,116</u>	<u>\$129,224</u>	<u>\$993,709</u>	<u>\$2,282,049</u>
Fund Balances				
Nonspendable	\$11,309			\$11,309
Restricted		\$129,224	\$853,598	982,822
Committed			140,111	140,111
Assigned	<u>1,147,807</u>			<u>1,147,807</u>
<i>Total Fund Balances</i>	<u>\$1,159,116</u>	<u>\$129,224</u>	<u>\$993,709</u>	<u>\$2,282,049</u>

See accompanying notes to the basic financial statements

Village of Oak Harbor
Ottawa County
Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2020

	General	Church Street Sewer Improvement	Other Governmental Funds	Total Governmental Funds
Receipts				
Municipal Income Taxes	\$818,054			\$818,054
Property and Other Local Taxes	234,477		\$247,992	482,469
Intergovernmental	74,946	\$308,250	365,473	748,669
Special Assessments			4,993	4,993
Charges for Services	187,201		10,700	197,901
Fines, Licenses and Permits	6,381		750	7,131
Cable Franchise Fees	21,620			21,620
Gifts and Contributions	2,400			2,400
Earnings on Investments	72,850		816	73,666
Miscellaneous	53,405		34,209	87,614
<i>Total Receipts</i>	<u>1,471,334</u>	<u>308,250</u>	<u>664,933</u>	<u>2,444,517</u>
Disbursements				
Current:				
Security of Persons and Property	682,606		76,383	758,989
Public Health Services	8,838			8,838
Leisure Time Activities	42,266			42,266
Community Environment	3,143			3,143
Transportation	233,336		113,868	347,204
General Government	244,785		161,843	406,628
Capital Outlay	23,640	3,486,855	123,843	3,634,338
Debt Service:				
Principal Retirement		387,717	8,813	396,530
Interest and Fiscal Charges		5,522	1,187	6,709
<i>Total Disbursements</i>	<u>1,238,614</u>	<u>3,880,094</u>	<u>485,937</u>	<u>5,604,645</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>232,720</u>	<u>(3,571,844)</u>	<u>178,996</u>	<u>(3,160,128)</u>
Other Financing Sources (Uses)				
Other Debt Issued		3,561,088		3,561,088
Insurance Proceeds	23,123			23,123
Transfers Out			90,000	90,000
Transfers Out	(90,000)			(90,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(66,877)</u>	<u>3,561,088</u>	<u>90,000</u>	<u>3,584,211</u>
<i>Net Change in Fund Balances</i>	165,843	(10,756)	268,996	424,083
<i>Fund Balances Beginning of Year</i>	<u>993,273</u>	<u>139,980</u>	<u>724,713</u>	<u>1,857,966</u>
<i>Fund Balances End of Year</i>	<u>\$1,159,116</u>	<u>\$129,224</u>	<u>\$993,709</u>	<u>\$2,282,049</u>

See accompanying notes to the basic 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, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Municipal Income Taxes	\$996,938	\$996,938	\$818,054	(\$178,884)
Property and Other Local Taxes	155,150	155,150	234,477	79,327
Intergovernmental	91,334	91,334	74,946	(16,388)
Charges for Services	228,136	228,136	187,201	(40,935)
Fines, Licenses and Permits	7,776	7,776	6,381	(1,395)
Cable Franchise Fees	26,348	26,348	21,620	(4,728)
Gifts and Contributions	2,925	2,925	2,400	(525)
Earnings on Investments	88,780	88,780	72,850	(15,930)
Miscellaneous	65,083	65,083	53,405	(11,678)
<i>Total Receipts</i>	<u>1,662,470</u>	<u>1,662,470</u>	<u>1,471,334</u>	<u>(191,136)</u>
Disbursements				
Current:				
Security of Persons and Property	750,966	750,966	691,606	59,360
Public Health Services	8,500	8,500	8,838	(338)
Leisure Time Activities	86,675	86,675	48,044	38,631
Community Environment	24,550	24,550	8,769	15,781
Transportation	238,850	238,850	237,698	1,152
General Government	335,929	346,429	252,573	93,856
Capital Outlay	110,431	110,431	31,538	78,893
<i>Total Disbursements</i>	<u>1,555,901</u>	<u>1,566,401</u>	<u>1,279,066</u>	<u>287,335</u>
<i>Excess of Receipts Over Disbursements</i>	<u>106,569</u>	<u>96,069</u>	<u>192,268</u>	<u>96,199</u>
Other Financing Sources (Uses)				
Insurance Proceeds			23,123	23,123
Transfers Out	(90,000)	(90,000)	(90,000)	
<i>Total Other Financing Sources (Uses)</i>	<u>(90,000)</u>	<u>(90,000)</u>	<u>(66,877)</u>	<u>23,123</u>
<i>Net Change in Fund Balance</i>	16,569	6,069	125,391	119,322
<i>Unencumbered Fund Balance Beginning of Year</i>	976,024	976,024	976,024	
Prior Year Encumbrances Appropriated	17,249	17,249	17,249	
<i>Unencumbered Fund Balance End of Year</i>	<u>\$1,009,842</u>	<u>\$999,342</u>	<u>\$1,118,664</u>	<u>\$119,322</u>

See accompanying notes to the basic financial statements

Village of Oak Harbor
Ottawa County
Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2020

	Business-Type Activities				Total Enterprise Funds
	Water Fund	Sewer Fund	Electric Fund	Other Enterprise Funds	
Assets					
Equity in Pooled Cash and Cash Equivalents	\$2,694,185	\$1,043,766	\$3,134,659	\$771,973	\$7,644,583
Net Position					
Unrestricted	\$2,694,185	\$1,043,766	\$3,134,659	\$771,973	\$7,644,583

See accompanying notes to the basic financial statements

Village of Oak Harbor
Ottawa County
Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2020

	Business-Type Activities				Total Enterprise Funds
	Water	Sewer	Electric	Other Enterprise Funds	
Operating Receipts					
Charges for Services	\$1,154,687	\$1,091,027	\$2,944,382	\$359,587	\$5,549,683
Other Operating Receipts	12,649	29,867	132,655	300	175,471
<i>Total Operating Receipts</i>	<u>1,167,336</u>	<u>1,120,894</u>	<u>3,077,037</u>	<u>359,887</u>	<u>5,725,154</u>
Operating Disbursements					
Personal Services	185,307	285,908	289,171		760,386
Employee Fringe Benefits	65,504	130,404	119,471		315,379
Travel and Transportation	307	325	957		1,589
Contractual Services	633,821	120,478	2,244,996	42,175	3,041,470
Supplies and Materials	34,888	64,857	48,713		148,458
<i>Total Operating Disbursements</i>	<u>919,827</u>	<u>601,972</u>	<u>2,703,308</u>	<u>42,175</u>	<u>4,267,282</u>
<i>Operating Income</i>	<u>247,509</u>	<u>518,922</u>	<u>373,729</u>	<u>317,712</u>	<u>1,457,872</u>
Non-Operating Receipts (Disbursements)					
Bonds Issued	1,300,000		900,000		2,200,000
Capital Outlay	(25,563)	(180,434)	(50,082)		(256,079)
Principal Retirement	(3,242)	(175,673)	(83,265)	(96,185)	(358,365)
Interest and Other Fiscal Charges		(28,884)	(1,960)	(28,054)	(58,898)
Other Financing Sources		144,000			144,000
Other Financing Uses	(2,424)			(9,637)	(12,061)
Miscellaneous		76,961			76,961
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>1,268,771</u>	<u>(164,030)</u>	<u>764,693</u>	<u>(133,876)</u>	<u>1,735,558</u>
<i>Change in Net Position</i>	1,516,280	354,892	1,138,422	183,836	3,193,430
<i>Net Position Beginning of Year</i>	<u>1,177,905</u>	<u>688,874</u>	<u>1,996,237</u>	<u>588,137</u>	<u>4,451,153</u>
<i>Net Position End of Year</i>	<u>\$2,694,185</u>	<u>\$1,043,766</u>	<u>\$3,134,659</u>	<u>\$771,973</u>	<u>\$7,644,583</u>

See accompanying notes to the basic financial statements

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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 is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term.

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

Primary Government

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

Public Entity Risk Pool, Joint Ventures, and Jointly Governed Organizations

The Village participates in a public entity risk pool, several joint ventures, and two jointly governed organizations. Notes 7, 11, and 16 to the basic financial statements provides additional information for these entities.

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.

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. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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

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

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

Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented in two categories: governmental and proprietary.

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

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

Church Street Sewer Improvement Fund The Church Street Sewer Improvement Fund accounts for and reports federal and state loan and grant money 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 or committed to a particular purpose.

Proprietary Funds The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified either as enterprise funds or internal service funds. The Village did not have any 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:

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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

Basis of Accounting

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

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

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

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

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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 2020, the Village invested in a money market fund, negotiable certificates of deposit, federal agency securities, and STAR Ohio. Investments are reported at cost, except for STAR Ohio.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, “Certain External Investment Pools and Pool Participants.” The Village measures its investment in STAR Ohio 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.

For 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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 2020 were \$72,850, which includes \$63,266 assigned from other Village funds.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that are required to be held for five years before they may be utilized by the Village are reported as restricted.

Inventory and Prepaid Items

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

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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.

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for COVID-19 funding and unclaimed monies.

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

Fund Balance

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

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

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

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Village Council or a Village official delegated that authority by resolution or by State Statute. State Statute authorizes the Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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.

Internal Activity

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

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 3 - Fund Balances

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

<u>Fund Balances</u>	<u>General</u>	<u>Church Street Sewer Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable				
Unclaimed monies	\$ 11,309	\$ -	\$ -	\$ 11,309
Restricted for				
Road Improvements	-	-	769,216	769,216
Police Operations	-	-	58,006	58,006
Capital Improvements	-	129,224	-	129,224
Other	-	-	26,376	26,376
<i>Total restricted</i>	<u>-</u>	<u>129,224</u>	<u>853,598</u>	<u>982,822</u>
Committed to				
Capital Improvements	-	-	126,063	126,063
Other	-	-	14,048	14,048
<i>Total committed</i>	<u>-</u>	<u>-</u>	<u>140,111</u>	<u>140,111</u>
Assigned to				
Encumbrances	40,452	-	-	40,452
Subsequent Year Appropriations	1,107,355	-	-	1,107,355
<i>Total assigned</i>	<u>1,147,807</u>	<u>-</u>	<u>-</u>	<u>1,147,807</u>
<i>Total fund balances</i>	<u>\$ 1,159,116</u>	<u>\$ 129,224</u>	<u>\$ 993,709</u>	<u>\$ 2,282,049</u>

Note 4 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes In Fund Balance - Budget and Actual - Budget Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as assigned fund balance (cash basis).

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

	<u>General</u>
Cash Basis	\$165,843
Encumbrances	<u>(40,452)</u>
Budget Basis	<u>\$125,391</u>

Note 5 - Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, and Federal Home Loan Mortgage Corporation. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (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;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

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

At year end, the Village had \$825 in undeposited cash on hand, which is included as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits

At December 31, 2020, the carrying amount of all Village deposits was \$4,961,224. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2020 \$500,000 of the Village's bank balance of \$5,541,798 was covered by the FDIC, while \$5,041,798 was exposed to custodial risk as discussed below.

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. The Village has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Village and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in 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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Village to a successful claim by the FDIC.

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Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Investments

The fair value of these investments is not materially different than measurement value. As of December 31, the Village had the following investments:

Investment Type	Measurement Value	Investment Maturities (in Years)		
		Less than 1	1-3	3-5
Money Market	\$ 14,042	\$ 14,042	\$ -	\$ -
Negotiable CDs	2,197,000	675,000	1,136,000	386,000
STAR Ohio	1,038,541	1,038,541	-	-
US Government Agency Obligations	1,715,000	-	830,000	885,000
Total Investments	<u>\$ 4,964,583</u>	<u>\$ 1,727,583</u>	<u>\$ 1,966,000</u>	<u>\$1,271,000</u>

Interest Rate Risk 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 limiting investment portfolio maturities to five years or less.

Credit Risk The Village’s investments were rated AA+ and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. Standard & Poor’s has assigned STAR Ohio an AAAM money market rating. STAR Ohio must maintain the highest letter or numerical rating provided by at least one nationally recognized standard rating service. The Village has no investment policy dealing with investment credit risk beyond the requirements in State statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty’s trust department or agent but not in the Village’s name. The Village has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk The Village places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Village at December 31, 2020:

Investment type	Amount	Percent of Total
Money Market	\$ 14,042	0.28%
Negotiable CDs	2,197,000	44.25%
STAR Ohio	1,038,541	20.92%
FFCB	830,000	16.72%
FHLMC	250,000	5.04%
FHMA	635,000	12.79%
Total	<u>\$ 4,964,583</u>	<u>100.00%</u>

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 6 - Taxes

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2020 for real and public utility property taxes represents collections of 2019 taxes.

2020 real property taxes are levied after October 1, 2020, on the assessed value as of January 1, 2020, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2020 real property taxes are collected in and intended to finance 2021.

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. 2020 public utility property taxes which became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2020, was \$11.17 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2020 property tax receipts were based are as follows:

	2020 <u>Collection Year</u>
Real Property	\$ 48,893,390
Public Utility Personal Property	<u>775,650</u>
Total Assessed Value	<u>\$ 49,669,040</u>

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

Income Taxes

The Village levies a 1% income tax on substantially all income earned in the Village as well as certain income of residents earned outside the Village. Employers within the Village withhold income tax on employee compensation. Corporations and other individual taxpayers remit estimated taxes quarterly and file a declaration annually. In 2020, the receipts were allocated to the General Fund.

Note 7 - Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Risk Pool Membership

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	<u>\$ 5,296,707</u>

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

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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

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

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 Age 52 with 15 years of service credit	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35 Age 48 with 25 years of service credit or Age 56 with 15 years of service credit

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

	<u>State and Local</u>
2020 Statutory Maximum Contribution Rates	
Employer	14%
Employee	10%
 2020 Actual Contribution Rates	
Employer:	
Pension	14%
Post-employment Health Care Benefits	0%
 Total Employer	 14%
 Employee	 10%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$183,634 for year 2020.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Ohio Police & Fire Pension Fund (OP&F)

Plan Description - Village full-time police participate in the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. 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 and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits):

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

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

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

	Police
2020 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee	12.25 %
 2020 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	0.50 %
Total Employer	19.50 %
Employee	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Village’s contractually required contribution to OPF was \$60,747 for 2020.

Social Security

Several Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

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 9 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS’ CAFR referenced below for additional information.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2020, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$0 for 2020.

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 health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2020, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. 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.

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

The Village's contractually required contribution to OP&F was \$1,558 for 2020.

Note 10 - Debt

Long-Term Obligations

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
Ohio Water Development Authority (OWDA) Loans:			
1999 Sludge Handling - 2166	5.56%	\$ 1,003,563	January 1, 2021
2007 Combined Sewer Overflow (CSO) - 4806	2.86%	5,916,611	January 1, 2029
2009 Supplemental CSO - 5212	2.93%	348,916	January 1, 2029
2011 CSO Basin Improvements - 5953	3.36 - 3.77%	976,324	January 1, 2023
2019 Church Street Sewer Separation - 8341	3.60%	201,740	July 1, 2020
2019 West Water Service Extension - 8546	0.00%	373,460	July 1, 2040
Ohio Public Works Commission (OPWC) Loan:			
CE03R State Route 163 Waterline Replacement Phase II	0.00%	129,675	January 1, 2036
Croghan Colonial Bank Loan:			
Street Sweeper - 26091559	3.15%	197,035	May 25, 2023
AMP Ohio Loan:			
OMEGA JV5	Varies	1,572,761	February 15, 2030
General Obligation Bond:			
Capital Facilities Bond - Series 2020	1.88%	4,999,000	September 1, 2060
Revenue Bonds:			
Water System Improvement Bond - Series 2020	2.50%	1,300,000	December 1, 2040
Electric System Improvement Bond - Series 2020	2.50%	900,000	December 1, 2040

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

The changes in the Village's long-term debt during 2020 were as follows:

	Interest Rates	Restated Balance at 1/1/2020	Increase	Decrease	Balance at 12/31/2020	Due in < 1 year
Governmental Activities:						
Street Sweeper	3.15%	\$ 36,996	\$ -	\$ (8,813)	\$ 28,183	\$ 9,099
Capital Facilities Bond	1.88%	-	3,546,833	-	3,546,833	-
OWDA Loan	3.60%	373,462	14,255	(387,717)	-	-
Total Governmental Activities		<u>410,458</u>	<u>3,561,088</u>	<u>(396,530)</u>	<u>3,575,016</u>	<u>9,099</u>
Business-Type Activities:						
Water Revenue Bonds	2.50%	-	1,300,000	-	1,300,000	65,000
Electric Revenue Bonds	2.50%	-	900,000	-	900,000	45,000
OMEGA JV5	Varies	555,783	-	(83,265)	472,518	-
OPWC Loan	0%	106,982	-	(3,242)	103,740	6,484
OWDA Loans	0.00% to 5.56%	3,879,373	-	(252,594)	3,626,779	486,522
Street Sweeper	3.15%	80,868	-	(19,264)	61,604	19,889
Total Business-Type Activities		<u>4,623,006</u>	<u>2,200,000</u>	<u>(358,365)</u>	<u>6,464,641</u>	<u>622,895</u>
Total Long-Term Obligations		<u>\$ 5,033,464</u>	<u>\$ 5,761,088</u>	<u>\$ (754,895)</u>	<u>\$ 10,039,657</u>	<u>\$ 631,994</u>

The Ohio Water Development Authority Loans were used for improvements to the Village's water treatment and sewer treatment systems. The loans will be paid from user charges.

The Village was the recipient of \$1,668 in OWDA loan principal forgiveness during 2020 for OWDA loan 8546. The Village is required to follow the guidelines of the loan agreements. The failure to do so could result in the Village being liable for the principal forgiven. To date, \$605,220 has been forgiven on the loan.

During 2015, the Village completed Phase II of the State Route 163 Waterline Replacement Project financed through the Ohio Public Works Commission totaling \$129,676 with 0% interest to be paid from user charges.

During 2016, the Village purchased a street sweeper for use by the street department and sewer department financed through a loan from Croghan Colonial Bank. The loan totaled \$197,035 and had an interest rate of 3.15%. The loan matures in 2023.

The Omega JV5 debt relates to the purchase of Ohio Municipal Electronic Generation Agency Joint Venture (OMEGA JV5). OMEGA JV5 are distributive generation projects. OMEGA JV5 debt is composed of two series of bonds, the 2001 and the 2016 bonds. The 2001 bonds are accretion bonds with a series of balloon payments coming due around 2025. In order to not cause mass fluctuation in member rates, AMP Ohio is currently collecting ahead to be able to make those payments. As such the debt paid down will not always equal the amount of principal collected each year. The January 1, 2020 balance was restated from \$526,863 to \$555,783 based on confirmation with AMP Ohio. An amortization schedule for the repayment of the debt is currently not available and, therefore, is not included in the schedule below.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

OWDA loan 8341 for Church Street sewer separation and loan 8546 for west water service extension projects have not been completed and no amortization schedules are available at this time. Accordingly, the schedule below does not reflect future debt service payments for these loans. As of December 31, 2020 the Village had borrowed \$373,462 and \$806,960 (including principal forgiveness), respectively.

During 2020, the Village financed Water and Electric Systems improvements through revenue bonds totaling \$1,300,000 and \$900,000 with 2.5% interest for both. The Village also financed Capital Facilities with a general obligation bond with 1.88% interest. The Capital Facilities bond project was not complete as of December 31, 2020. Accordingly, the schedule below does not reflect future debt service payments for this bond.

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2020 are as follows:

Year ending December 31:	OPWC Loan	OWDA Loans	Street Sweeper Loan	Water Revenue Bonds	Electric Revenue Bonds
2021	\$ 6,484	\$ 583,014	\$ 31,858	\$ 96,236	\$ 66,625
2022	6,484	541,446	31,858	95,875	66,375
2023	6,484	482,831	31,859	94,250	65,250
2024	6,484	424,218	-	92,625	64,125
2025	6,484	424,218	-	91,000	63,000
2026-2030	32,418	1,499,892	-	430,625	298,125
2031-2035	32,418	50,435	-	390,000	270,000
2036-2040	6,484	50,435	-	349,375	241,875
Total	<u>\$ 103,740</u>	<u>\$ 4,056,489</u>	<u>\$ 95,575</u>	<u>\$ 1,639,986</u>	<u>\$ 1,135,375</u>

Note 11 - Joint Ventures and Projects

AMP Generating Station (AMPGS) Project

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project was intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's project share was 1,000 kilowatts (kW) of a total 771,281 kW, giving the Village a 0.13 percent project 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, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share of the impaired costs at March 31, 2014 was \$172,840. The Village received a credit of \$47,283 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$45,225 related to the AMPGS costs deemed to have future benefit for the project participants. In addition the Village made payments totaling \$57,039 leaving an estimated net impaired cost balance of \$23,293. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's payments. These amounts will be recorded as they become estimable.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Since March 31, 2014 the Village has made payments of \$29,099 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$2,114 and interest on its credit balance due to its payments, credited to the Village of \$378, resulting in a net credit balance at December 31, 2020 of \$4,070. The Village has opted to leave the credit balance with AMP to offset any additional AMPGS Project costs in the future. The Village does have a potential PHFU Liability of \$45,510 resulting in a net total potential liability of \$41,440, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the Village's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

OMEGA JV2

The Village is a Non-Financing Participant and an Owner Participant with an ownership percentage of .55% and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants. Pursuant to the OMEGA JV2 Agreement, the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP and to pay or incur the costs of the same in accordance with the JV2 Agreement.

OMEGA JV2 is a cooperative project composed of 36 AMP member communities. The joint venture owns three gas turbine peaking generation units and 35 diesel units. The project has a subscribed capacity of 134,096 megawatts. Thirty-four of the diesel units were upgraded in 2015 with Diesel Oxidation Catalysts to meet the new RICE NESHAP rules. AMP manages the project on behalf of participants and can operate the diesel units remotely from its Energy Control Center to provide participating communities with reduced capacity costs, energy and transmission charges, and distributed generation during times of high market energy prices.

The debt was extinguished in January of 2018. The Village's net investment in OMEGA JV2 was \$17,609 at December 31, 2020. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

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Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2020 are:

<u>Municipality</u>	<u>Percent</u> <u>Ownership</u>	<u>Kw</u> <u>Entitlement</u>	<u>Municipality</u>	<u>Percent</u> <u>Ownership</u>	<u>Kw</u> <u>Entitlement</u>
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.48%	15,400	Monroeville	0.57%	764
Cuyahoga Falls	7.46%	10,000	Milan	0.55%	737
Wadsworth	5.81%	7,784	Oak Harbor	0.55%	737
Painesville	5.22%	7,000	Elmore	0.27%	364
Dover	5.22%	7,000	Jackson Center	0.22%	300
Galion	4.29%	5,753	Napoleon	0.20%	264
Amherst	3.73%	5,000	Lodi	0.16%	218
St. Mary's	2.98%	4,000	Genoa	0.15%	199
Montpelier	2.98%	4,000	Pemberville	0.15%	197
Shelby	1.89%	2,536	Lucas	0.12%	161
Versailles	1.24%	1,660	South Vienna	0.09%	123
Edgerton	1.09%	1,460	Bradner	0.09%	119
Yellow Springs	1.05%	1,408	Woodville	0.06%	81
Oberlin	0.91%	1,217	Haskins	0.05%	73
Pioneer	0.86%	1,158	Arcanum	0.03%	44
Seville	<u>0.80%</u>	<u>1,066</u>	Custar	<u>0.00%</u>	<u>4</u>
	<u>95.20%</u>	<u>127,640</u>		<u>4.80%</u>	<u>6,441</u>
			Grand Total	<u>100.00%</u>	<u>134,081</u>

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

OMEGA JV5

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

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

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

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Also pursuant to this Agreement, each participant has an obligation to pay its share of debt service on 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 2020, Village has met its debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to makes 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 of 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.

In 1993, OMEGA JV5 assigned to a trustee the obligations of its participants to make payments for their respective ownership shares in the "Belleville Project," a 42 MW run-of-the-river hydroelectric generating facility on an Army Corps dam near Belleville, Ohio, an associated transmission line in Ohio and backup diesel generation owned by OMEGA JV5. AMP is responsible for operation of the Belleville Project. The hydroelectric generation associated with the Belleville Project has been operational since June 1999. The diesel generation units have been in service since 1995. OMEGA JV5 Participants have approved the retirement and sale of diesel units. The Federal Energy Regulatory Commission license for the Belleville Project runs through August 31, 2039. As of June 1, 2020, \$39,032,927 of the 2001 Belleville Beneficial Interest Certificates (2001 BICs) with a final maturity of 2030 was outstanding. The 2001 BICs are capital appreciation bonds with a final aggregate maturity amount of \$56,125,000. In addition, on February 15, 2014, AMP redeemed \$70,990,000 of the 2004 Belleville Beneficial Interest Certificates with the proceeds of a draw on the Line of Credit, which draw was evidenced by the proceeds of a note (the *JV5 Note*). On January 29, 2016, OMEGA JV5 caused the issuance of \$49,745,000 Belleville Beneficial Interest Refunding Certificates, Series 2016 (the *2016 BICs*) to pay a portion of the outstanding balance of the *JV5 Note* and to pay costs of issuance. The balance of the *JV5 Note* has since been retired. The 2016 BICs bear interest at a variable rate, mature on February 1, 2024 and are subject to redemption and mandatory tender at the option of the holder commencing February 15, 2021. The 2001 BICs and 2016 BICs are non-recourse to AMP. AS of December 31, 2020, the outstanding debt was \$53,627,110.

The Village's net investment and its share of the operating results of OMEGA JV5 are reported in the Village's Electric Operating Fund (an Enterprise Fund). The Village's net investment in OMEGA JV5 was \$28,172 at December 31, 2020. Complete financial statements for OMEGA JV5 can be obtained from AMP at 1111 Schrock Road, Columbus, Ohio 43229, or from the State Auditor's website at www.ohioauditor.gov.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Combined Hydroelectric Projects

AMP owns and operates three hydroelectric projects, the Cannelton, the Smithland and the Willow Island hydroelectric generating facilities (the Combined Hydroelectric Projects), all on the Ohio River, with an aggregate generating capacity of approximately 208 MW. Each of the Combined Hydroelectric Projects is in commercial operation and consists of run-of-the-river hydroelectric generating facilities on existing Army Corps dams and includes associated transmission facilities. AMP holds the licenses from FERC for the Combined Hydroelectric Projects.

To provide financing for the Combined Hydroelectric Projects, AMP has issued eight series of its Combined Hydroelectric Projects Revenue Bonds (the Combined Hydroelectric Bonds), in an original aggregate principal amount of \$2,254,955,000 and consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Combined Hydroelectric Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 79 of its Members. As of December 31, 2020, \$2,140,742,059 aggregate principal amount of the Combined Hydroelectric Bonds and approximately \$23 million aggregate principal amount of subordinate obligations, consisting of notes evidencing draws on the Line of Credit, were outstanding under the indenture securing the Combined Hydroelectric Bonds.

The Village has executed a take-or-pay power sales contract with AMP as a participant of the Combined Hydroelectric Projects of 500 kW or 0.24% of capacity and associated energy from the Combined Hydroelectric Projects.

AMP Fremont Energy Center (AFEC)

On July 28, 2011, AMP acquired from FirstEnergy Generation Corporation (FirstEnergy) the Fremont Energy Center (AFEC), then nearing completion of construction and located in Fremont, Sandusky County, Ohio. Following completion of the commissioning and testing, AMP declared AFEC to be in commercial operation as of January 20, 2012. The AMP Fremont Energy Center is a natural gas fired, combined cycle, electric power generation plant with a capacity of 512 MW (unfired)/675 MW (fired), consisting of two combustion turbines, two heat recovery steam generators and one steam turbine and condenser. AMP subsequently sold a 5.16% undivided ownership interest in AFEC to Michigan Public Power Agency and entered into a power sales contract with the Central Virginia Electric Cooperative for the output associated with a 4.15% undivided ownership interest in AFEC. The output of AFEC associated with the remaining 90.69% undivided ownership interest (the 90.69% Interest) is sold to AMP Members pursuant to a take-or-pay power sales contract with 87 of its members (the “AFEC Power Sales Contract”).

To provide permanent financing for the 90.69% Interest, in 2012, AMP issued, in two series \$546,085,000 of its AMP Fremont Energy Center Project Revenue Bonds (the AFEC Bonds), consisting of taxable and tax-exempt obligations. The AFEC Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under the AFEC Power Sales Contract. On December 20, 2017, AMP issued bonds to refund all of the callable tax-exempt AFEC Bonds issued in 2012. As of December 31, 2020, \$478,965,000 aggregate principal amount of AFEC Bonds was outstanding.

The Village has executed a take-or-pay power sales contract with AMP as a participant of the AFEC of 440 kW or 0.09% of capacity and associated energy from the AFEC.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Prairie State Energy Campus

On December 20, 2007, AMP acquired a 23.26% undivided ownership interest (the PSEC Ownership Interest) in the Prairie State Energy Campus (PSEC), a two-unit, supercritical coal-fired power plant designed to have a net rated capacity of approximately 1,582 MW and associated facilities in southwest Illinois. The PSEC Ownership Interest is held by AMP 368 LLC, a single-member Delaware limited liability company (AMP 368 LLC). AMP is the owner of the sole membership interest in AMP 368 LLC. Construction of the PSEC commenced in October 2007. Unit 1 of the PSEC commenced operations in the second quarter of 2012 and Unit 2 of the PSEC commenced operations in the fourth quarter of 2012.

From July 2008 through September 2010, AMP issued five series of Prairie State Energy Campus Revenue Bonds (collectively, the Initial Prairie State Bonds) to finance PSEC project costs and PSEC related expenses. The Initial Prairie State Bonds consist of tax-exempt, taxable and tax advantaged Build America Bonds issued in the original aggregate principal amount of \$1,696,800,000. On January 14, 2015 and November 30, 2017, AMP issued bonds to refund all of the callable tax-exempt Initial Prairie State Bonds issued in 2008 and 2009. As of December 31, 2020, AMP had \$1,470,255,000 aggregate principal amount of Prairie State Bonds.

AMP sells the power and energy from the PSEC Ownership Interest pursuant to a take-or-pay power sales contract with 68 Members (the Prairie State Participants). The Prairie State Bonds are net revenue obligations of AMP, secured by a master trust indenture, payable primarily from the payments to be made by the Prairie State Participants under the terms of the Prairie State Power Sales Contract. The Village has executed a take-or-pay power sales contract with AMP as a participant of the PSEC of 995 kW or 0.27% of capacity and associated energy from the PSEC.

Solar Electricity Prepayment Project

In 2016, AMP entered into the NextEra PPA pursuant to the terms of which AMP agreed to purchase and a subsidiary of NextEra agreed to sell all of the power and energy generated by solar generation facilities (each, a System), each of which is located behind the meter of an AMP Member's Electric System. Under the terms of the NextEra PPA, AMP is required to prepay for twenty-five years of energy to be generated by each System at a "P90" confidence interval, meaning that, in any given year, the probability of exceeding such level of production is ninety percent (90%), and assuming a 0.5% degradation factor. Sixteen Systems with a rated capacity of approximately 58.325 MW have entered commercial operation. AMP has issued two series of Bonds consisting of the Series 2019A and 2020A in the amount of \$80,675,000 to provide financing for the project.

The Village has executed a take-or-pay power sales contract with AMP as a participant of the System of 667 kW or 1.14% of capacity and associated energy from the System

Note 12 - Contingent Liabilities

Management believes there are no pending claims or lawsuits.

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.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 13 - Interfund Transfers

During 2020, the following transfers were made:

Transfer To	Transfer From
	General (Major)
Other Nonmajor Governmental Funds	\$ 90,000

The above mentioned Transfers From/To were used to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 14 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 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. The Village’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received CARES Act Funding. Of the amounts received, \$2,000 was sub-granted to other governments and organizations. These amount are reflected as general government disbursements in the Coronavirus Relief Special Revenue Fund (an Other Governmental Fund) on the accompanying basic financial statements.

Note 15 - Miscellaneous Receipts

Other Governmental Funds miscellaneous receipts consisted primarily of the amount received with regards to a trash service contract. Sewer Fund miscellaneous receipts consisted primarily of settlements from a design group and insurance proceeds for repairs to the wastewater treatment plant.

Note 16 - Jointly Governed Organizations

Portage Fire District

The Village is a member of Portage Fire District (the District). The District is comprised of the Village of Oak Harbor (the Village) and Salem Township (the Township). A three-member Board of Trustees governs the District. The Village and the Township each appoint one member. The third member is a citizen of the District and is approved jointly by the Village and Township. The District provides fire protection services within the District and by contract to areas outside the District. Financial information can be obtained by contacting the District Fiscal Officer at 242 West Water Street, Oak Harbor, Ohio 43449.

Village of Oak Harbor
Ottawa County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Regional Income Tax Agency

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collecting income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2020, the Village paid RITA \$23,821 for income tax collection services.

Note 17 - Construction and Contractual Commitments

The Church Street Sewer Improvement Project was not complete as of year-end. At December 31, 2020 the Village had \$9,120,000 appropriated for the project and expended \$3,880,094, leaving an unexpended budget balance of \$5,239,906 for the project in subsequent years.

Note 18 - Compliance

Contrary to Ohio law, the Village did not record proceeds from the sale of capital assets in the correct fund.

**VILLAGE OF OAK HARBOR
OTTAWA COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through Ottawa County</i>			
COVID-19 Coronavirus Relief Fund	21.019	HB481-CRF-Local	\$161,260
Total U.S. Department of Treasury			<u>161,260</u>
U.S. DEPARTMENT OF AGRICULTURE			
<i>Direct Program</i>			
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	3,855,083
Total U.S. Department of Agriculture			<u>3,855,083</u>
Total Expenditures of Federal Awards			<u><u>\$4,016,343</u></u>

The accompanying notes are an integral part of this schedule.

**VILLAGE OF OAK HARBOR
OTTAWA COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the the Village of Oak Harbor, Ottawa County, Ohio (the Village) under programs of the federal government for the year ended December 31, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position or changes in financial position of the Village.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C - INDIRECT COST RATE

The Village has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - MATCHING REQUIREMENTS

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



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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 Oak Harbor
Ottawa County
P.O. Box 232
Oak Harbor, Ohio 43449-0232

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States’ *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Oak Harbor, Ottawa County, Ohio, (the Village) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Village’s basic financial statements and have issued our report thereon dated January 23, 2023 wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent period 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 Responses to Finding

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings and corrective action plan. 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

January 23, 2023

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Village of Oak Harbor
Ottawa County
P.O. Box 232
Oak Harbor, Ohio 43449-0232

To the Village Council:

Report on Compliance for the Major Federal Program

We have audited the Village of Oak Harbor, Ottawa County, Ohio's (the Village) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Village of Oak Harbor's major federal program for the year ended December 31, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Village's major federal program.

Management's Responsibility

The Village's management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Village's compliance for the Village's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the Village of Oak Harbor complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

January 23, 2023

**VILLAGE OF OAK HARBOR
OTTAWA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Program (list):	Water and Waste Disposal Systems for Rural Communities - CFDA #10.760
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

**2. 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.

The following errors requiring adjustment to the basic financial statements for the year ended December 31, 2020 were identified:

- Business-Type Activities sale of bond proceeds receipts in the amount of \$2,200,000 were incorrectly reported as loans issued and grant and entitlements not restricted to specific programs in the amounts of \$1,300,000 and \$900,000, respectively, on the Statement of Activities;
- Church Street Sewer Improvement Fund intergovernmental receipts in the amount \$308,250 were incorrectly classified as other debt issued receipts; and
- Sewer Fund other financing sources and miscellaneous receipts in the amounts \$144,000 and \$76,961 respectively, were incorrectly reported as other operating receipts (\$220,961).

These errors were not identified and corrected prior to the Village preparing its basic financial statements due to deficiencies in the Village's internal controls over financial statement monitoring. The failure to adequately monitor basic financial statements could allow for misstatements to occur and go undetected. The accompanying basic financial statements have been adjusted to reflect these changes. In addition to the adjustments noted above, we also identified additional misstatements in the basic financial statements ranging from \$1,187 to \$85,225 and certain insignificant modifications to the notes to the basic financial statements that we have brought to the Village's attention.

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

Officials' Response:

See Corrective Action Plan.

3. FINDINGS FOR FEDERAL AWARDS

None.

4. OTHER - FINDING FOR RECOVERY

In addition, we identified the following other issue related to Findings for Recovery. This issue did not impact our GAGAS or Single Audit Compliance and Controls reports.

FINDING NUMBER 2020-002

Finding For Recovery - Income Tax Receipts

Ohio Admin. Code § 117-2-01(D)(4) requires, in part, that entities plan for adequate segregation of duties or compensating controls. During the Period, January 1, 2019 through April 30, 2019, the Income Tax Assistant, Jennifer Valentine, prepared tax returns, collected cash and check payments from taxpayers, and updated the individual accounts in the Village's income tax system. The Income Tax Assistant recorded the payment in a receipt book with a date, remitter, form of payment, and her signature. She then compiled the payments and provided them to the fiscal office, where a batch report for the deposit would be generated based on the information she entered and money was subsequently taken to the bank by the fiscal office. There were no formal policies or procedures in place documenting the process to be followed for tax receipt collections.

During the Period, we identified 41 income tax receipts totaling \$7,867 collected by Ms. Valentine; however, these receipts were not posted to the taxpayer accounts or deposited to the Village's operating bank account.

On June 8, 2022, Ms. Valentine was indicted on one count of theft in office and one count of grand theft in Ottawa County Common Pleas Court, Case No. 2022-CR-I 107A. Ms. Valentine pleaded guilty on September 29, 2022, to an amended one count of Attempted Theft in Office, a felony of the fourth degree, in violation of Ohio Rev. Code 2921.41(A)(1), and one count of Grand Theft, a felony of the fourth degree, in violation of Ohio Rev. Code 2913.02(A)(2). She was sentenced to two years of Intervention in Lieu of Conviction and ordered to pay \$10,122 in restitution to the Village, which is comprised of \$7,876 for theft and \$2,255 for Special Audit costs. She was ordered to pay an additional \$16,367 in restitution of the Ohio Auditor of State for costs related to the Special Audit.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a finding for recovery for public property converted or misappropriated is hereby issued against Jennifer Valentine, and her bonding company, The Cincinnati Insurance Company, in the amount of \$26,489, with \$10,122 in favor of the Village of Oak Harbor's General Fund and \$16,367 in favor of the Auditor of State's Office.

Officials' Response:

See Corrective Action Plan.



VILLAGE OF OAK HARBOR

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR 200.511(b) DECEMBER 31, 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	Material weakness for errors in financial reporting initially reported as Finding 2017-001.	Not corrected and reissued as Finding 2020-001 in this report.	This matter was not corrected due to deficiencies in the Village's internal controls over financial reporting. A new company will be completing the year-end report.



VILLAGE OF OAK HARBOR

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CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) DECEMBER 31, 2020

Finding Number: 2020-001
Planned Corrective Action: A new company will be completing the year-end report.
Anticipated Completion Date: December 31, 2022
Responsible Contact Person: Danna McClanahan, Fiscal Officer

Finding Number: 2020-002
Planned Corrective Action: Income tax collections were outsourced to RITA.
Anticipated Completion Date: January 1, 2020
Responsible Contact Person: Danna McClanahan, Fiscal Officer

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF OAK HARBOR

OTTAWA 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 2/7/2023

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This report is a matter of public record and is available online at
www.ohioauditor.gov