





VILLAGE OF OTTAWA  
PUTNAM COUNTY

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**INDEPENDENT AUDITOR'S REPORT**

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

To the Village Council:

***Report on the Audit of the Financial Statements***

***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of Ottawa, Putnam County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2022, and the related notes to the financial statements.

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2022, or the changes in financial position or, where applicable, cash flows thereof for the year then ended.

***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.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. 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 the financial audit standards in the Comptroller General of the United States' *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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 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

November 15, 2023

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**Village of Ottawa**  
*Putnam County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Governmental Fund Types**  
*For the Year Ended December 31, 2022*

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$296,891	\$99,288			\$396,179
Municipal Income Tax		2,833,482			2,833,482
Intergovernmental	129,560	622,664		\$3,655,964	4,408,188
Charges for Services	101,770	7,413			109,183
Fines, Licenses and Permits	54,646	242			54,888
Earnings on Investments	32,420	1,026			33,446
Miscellaneous	138,605	260,363			398,968
<i>Total Cash Receipts</i>	<u>753,892</u>	<u>3,824,478</u>		<u>3,655,964</u>	<u>8,234,334</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	185,422	796,456			981,878
Leisure Time Activities	183,352			3,000	186,352
Community Environment	180,083				180,083
Transportation		324,301			324,301
General Government	249,960	301,119			551,079
Capital Outlay	123,758	1,332,153		5,634,624	7,090,535
Debt Service:					
Principal Retirement		688,621			688,621
Interest and Fiscal Charges		77,471	\$566		78,037
<i>Total Cash Disbursements</i>	<u>922,575</u>	<u>3,520,121</u>	<u>566</u>	<u>5,637,624</u>	<u>10,080,886</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(168,683)</u>	<u>304,357</u>	<u>(566)</u>	<u>(1,981,660)</u>	<u>(1,846,552)</u>
<b>Other Financing Receipts</b>					
Sale of Bonds	519				519
Sale of Notes				1,663,721	1,663,721
Sale of Capital Assets	2,291	1,343			3,634
<i>Total Other Financing Receipts</i>	<u>2,810</u>	<u>1,343</u>		<u>1,663,721</u>	<u>1,667,874</u>
<i>Net Change in Fund Cash Balances</i>	<u>(165,873)</u>	<u>305,700</u>	<u>(566)</u>	<u>(317,939)</u>	<u>(178,678)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,515,624</u>	<u>2,698,593</u>	<u>\$566</u>	<u>353,611</u>	<u>4,568,394</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,349,751</u>	<u>\$3,004,293</u>		<u>\$35,672</u>	<u>\$4,389,716</u>

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

**Village of Ottawa**  
*Putnam County*  
**Combined Statement of Receipts, Disbursements**  
**and Changes in Fund Balances (Regulatory Cash Basis)**  
**Proprietary Fund Type**  
**For the Year Ended December 31, 2022**

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$3,677,840
Miscellaneous	3,778
<i>Total Operating Cash Receipts</i>	3,681,618
<b>Operating Cash Disbursements</b>	
Personal Services	885,821
Employee Fringe Benefits	472,157
Contractual Services	826,664
Supplies and Materials	562,903
Other	24,878
<i>Total Operating Cash Disbursements</i>	2,772,423
<i>Operating Income</i>	909,195
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental Receipts	290
Sale of Capital Assets	760
Capital Outlay	(472,926)
Principal Retirement	(488,562)
Interest and Other Fiscal Charges	(84,657)
<i>Total Non-Operating Receipts (Disbursements)</i>	(1,045,095)
<i>Net Change in Fund Cash Balances</i>	(135,900)
<i>Fund Cash Balances, January 1</i>	2,363,587
<i>Fund Cash Balances, December 31</i>	\$2,227,687

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

**Village of Ottawa**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 1 – Reporting Entity**

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

***Joint Governed Organization and Public Entity Risk Pools***

The Village participates in a jointly governed organization, the Regional Income Tax Agency, and public entity risk pools, the Public Entities Pool of Ohio and the Ohio Association of Public Treasurers'. Notes 6, 11, and 12 to the financial statements provide 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**

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

***Debt Service Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

***General Obligation Bond Retirement Fund*** The General Obligation Bond Retirement Fund accounts for debt service payments.

**Village of Ottawa**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
*(Continued)*

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

**WTP Improvements Fund** The WTP Improvements Fund accounts for and reports proceeds of an OWDA grant/loan. The proceeds are restricted for improvements at the water treatment plant.

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

**Water Operating Fund** The Water Operating Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

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

**Basis of Accounting**

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

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

**Budgetary Process**

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

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

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

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

A summary of 2022 budgetary activity appears in Note 3.

**Village of Ottawa**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
*(Continued)*

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***Deposits and Investments***

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

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

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

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

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

**Village of Ottawa**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
*(Continued)*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$562,181	\$756,702	\$194,521
Special Revenue	2,753,216	3,825,821	1,072,605
Capital Projects	5,319,683	5,319,685	2
Enterprise	3,285,599	3,682,668	397,069
Total	\$11,920,679	\$13,584,876	\$1,664,197

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,467,806	\$953,830	\$513,976
Special Revenue	5,628,991	3,850,915	1,778,076
Debt Service	566	566	
Capital Projects	5,673,294	5,637,624	35,670
Enterprise	5,649,186	4,368,125	1,281,061
Total	\$18,419,843	\$14,811,060	\$3,608,783

**Note 4 – Deposits and Investments**

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

	2022
Demand deposits	\$337,083
Certificates of deposit	5,150,000
Other time deposits (savings, NOW accounts)	7,737
Total deposits	5,494,820
STAR Ohio	1,122,583
Total deposits and investments	\$6,617,403

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

**Deposits**

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

**Investments**

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

**Village of Ottawa**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
*(Continued)*

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**Note 5 – Taxes**

***Property Taxes***

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

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

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

***Income Taxes***

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

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

**Note 6 – Risk Management**

***Workers' Compensation***

The Village participates in the Ohio Association of Public Treasurers' (OAPT) for worker's compensation (see Note 11). The intent of the group rating plan is to achieve the benefit of reduced premiums for the participants, foster safer working conditions, and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the group rating plan.

***Risk Pool Membership***

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

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

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

**Village of Ottawa**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
*(Continued)*

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	<u>2022</u>
Cash and investments	\$42,310,794
Actuarial liabilities	\$15,724,479

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Village contributed an amount equaling 14 percent, of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

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

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2022.

***Social Security***

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

Effective January 1, 2022, OPERS discontinued 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.



**Village of Ottawa**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
(Continued)

**Note 9 – Debt**

Debt outstanding at December 31, 2022 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds 2014	\$600,000	2.390%
General Obligation Bonds 2021	983,000	1.110%
Promissory Note (Fire Truck)	108,131	3.000%
State Infrastructure Bank Loan (Williamstown Rd)	39,024	3.000%
State Infrastructure Bank Loan (Putnam Parkway)	53,931	3.000%
State Infrastructure Bank Loan (Villa Drive)	139,419	3.000%
OPWC Loan - Pohl Sewer	94,560	0.000%
OPWC Loan - Oak Street Pump Station	69,154	0.000%
OPWC Loan - W. Ottawa Pump Station	220,995	0.000%
OPWC Loan - S. Perry Pump Station	165,000	0.000%
OPWC Loan - Clearwell Bypass	90,000	0.000%
OPWC Loan - Lincoln, Jackson, and Buckeye Reconstruction	170,416	0.000%
OPWC Loan - Oak Street Reconstruction	29,811	0.000%
OWDA Loan #3790 (WTP Update)	130,326	3.000%
OWDA Loan #4380 (Pohl Water)	192,124	2.750%
OWDA Loan #4381 (Pohl Sewer)	138,124	2.750%
OWDA Loan #4570 (Water Tank Rehab)	120,619	2.840%
OWDA Loan #4783 (Bluffton Waterline)	518,223	2.750%
OWDA Loan #6065 (Waterline/Meters)	629,085	2.000%
OWDA Loan #6643 (Lime Sludge Lagoon)	19,636	2.000%
OWDA Loan #8402 (WWTP Headworks Screening)	2,598,192	1.000%
OWDA Loan #9503 (WTP Improvements HAB)	1,523,460	0.000%
Financed Purchase - Vacuum Truck	213,123	3.420%
Financed Purchase - Hydraulic Excavator	42,021	3.349%
Financed Purchase - Fire Engine and Equipment	571,859	2.974%
Financed Purchase - Rescue Truck	236,353	2.990%
Total	<u>\$9,696,586</u>	

**General Obligation Bonds**

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

Proceeds from the 2021 bonds were used for the purpose of advance refunding of general obligation 2011 bonds. The 2021 advance refunding bonds were issued for a total of \$1,233,001. This advance refunding was undertaken to reduce total debt service payments over the next 6 years resulting in a savings of \$75,660.

**Promissory Note**

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

**Village of Ottawa**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
*(Continued)*

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**State Infrastructure Bank Loans**

The State Infrastructure Bank loans were obtained through the Ohio Department of Transportation. These loans are for Williamstown Road, Putnam Parkway, and Villa Drive Road improvements. The loans will be repaid in semiannual installments over 8 years beginning in 2017. Income tax revenues are the dedicated source of repayment.

**Ohio Public Works Commission Loans**

The Ohio Public Works Commission (OPWC) loans relate to Pohl Road sewer extension, Oak Street pump station, West Ottawa pump station, South Perry pump station, Clearwell bypass for water treatment, Lincoln, Jackson, and Buckeye Streets reconstruction, and Oak Street reconstruction projects. The Pohl Road sewer extension loan will be repaid in semiannual installments of \$8,596 over 20 years. Sewer revenues are the dedicated source of repayment for this loan. The Oak Street Pump Station loan will be repaid in semiannual installments of \$2,881 over 20 years. Sewer revenues are the dedicated source of repayment for this loan. The West Ottawa pump station loan will be paid in semiannual installments of \$8,185 over 20 years. Sewer revenues are the dedicated source of repayment for this loan. The South Perry Street Pump Station loan will be repaid in semiannual payments of \$5,000 over 20 years. Sewer revenues are the dedicated source of repayment for this loan. The Clearwell Bypass loan will be paid in semiannual installments of \$2,500 over 20 years. Water revenues are the dedicated source of repayment for this loan. The Lincoln, Jackson and Buckeye Streets Reconstruction loan will be paid in semiannual installments of \$3,408 over 25 years. Income tax revenues are the dedicated source of repayment for this loan. The Village has entered into a grant/loan agreement with OPWC for the Oak Street Reconstruction Project. When the loan is finalized, semiannual installment payments are estimated at \$1,840 over 25 years. Income tax revenues are the dedicated source of repayment for this loan.

**Ohio Water Development Authority Loans**

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

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

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

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

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

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

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

**Village of Ottawa**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
*(Continued)*

OWDA loan #8402 is for construction of a headworks screening facility at the wastewater treatment plant. This loan will be repaid in semiannual installments including interest, over 30 years. Sewer receipts secure the loan.

OWDA loan #9503 is for construction of Water Treatment Plant Improvements mandated by EPA to address issues related to Harmful Alga Bloom (HAB). This project is not yet completed. When the loan is finalized, semiannual installment payments are estimated at \$89,388 over 30 years. Water receipts secure this loan.

**Financed Purchases**

The Village has entered into financed purchase agreements for the following vehicles and equipment where ownership of the underlying asset transfers to the Village by the end of the contract:

- Aquatech Model B-10-1450 Combination Vacuum Truck through Leasing 2, Inc. valued at \$407,385 and will be repaid in six annual installments of \$75,949 beginning in 2020.
- Caterpillar Hydraulic Excavator through Caterpillar Financial Services Corporation valued at \$80,366 and will be repaid with 60 monthly payments of \$1,466 beginning in July 2020.
- Spartan Custom Engine with Loose Equipment for Apparatus through Republic First National valued at \$695,073 and will be repaid with ten annual installments of \$81,376 beginning in July 2021.
- Spartan Custom Rescue Truck valued at \$258,947 through Republic First National and will be repaid in ten annual installments of \$30,348 beginning in March 2022.

The Village disbursed \$204,549 to pay for these costs for the fiscal year ended December 31, 2022.

**Amortization**

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

Year Ending December 31:	Financed Purchases	General Obligation Bonds	OPWC Loans	OWDA Loans	Bank Loan	SIB Loans
2023	\$205,260	\$461,251	\$61,142	\$486,655	\$63,676	\$90,492
2024	205,260	461,916	61,142	441,968	47,757	90,492
2025	196,467	461,427	61,142	387,119		42,259
2026	111,723	254,797	61,142	387,119		21,130
2027	111,723		61,142	284,996		
2028-2032	365,517		228,344	975,989		
2033-2037			177,904	533,096		
2038-2042			64,083	533,096		
2043-2047			34,084	533,096		
2048-2050				319,858		
Total	<u>\$1,195,950</u>	<u>\$1,639,391</u>	<u>\$810,125</u>	<u>\$4,882,992</u>	<u>\$111,433</u>	<u>\$244,373</u>

**Village of Ottawa**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
*(Continued)*

**Note 10 – Construction and Contractual Commitments**

Vendor/Project	Contract Amount	Balance Outstanding 12/31/2022
Utility Services TRS System (Annual Tank Maintenance)	\$122,317	\$122,317
Poggemeyer Design Group Engineering WTP Improvements	\$880,040	\$41,174
Peterson Construction Company WTP HAB Project	\$8,143,160	\$2,122,658
Ward Construction Oak Street Reconstruction Project	\$186,630	\$5,203
Yard & Company Strategic Plan	\$156,655	\$60,800

**Note 11 – Public Entity Risk Pool**

The Village participates in the Ohio Association of Public Treasurers' (OAPT) for workers compensation, which is administered by Sedgwick. OAPT's business and affairs are conducted by a Board of Directors with an Executive Committee handling matters between meetings of the Directors. Directors are elected at the annual meeting of members with each Director holding a term of three years. The current Board of Directors consists of nine Directors employed by villages and cities across Ohio. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**Note 12 – Jointly Governed Organization**

***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 2022, the Village paid RITA \$82,494 for income tax collection services.

**Note 13 – Fund Balances**

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

**Village of Ottawa**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*  
*(Continued)*

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Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$31,255	\$330,794	\$362,049

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

**Note 14 – Contingent Liabilities**

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

**Note 15 – Subsequent Events**

At their November 22, 2021 meeting, Village Council passed Ordinance No. 21-26 authorizing the execution of a municipal lease-purchase agreement between Santander Bank, N.A., as lessor, and the Village, as lessee, for the purpose of acquiring a dump truck with plow. The Ordinance specifies the lease shall not exceed \$159,415 at a rate of 2.80 percent and the term of the lease shall end not later than five years from the commencement date of the lease. Since the equipment will not be ready until 2023, the lease-purchase agreement has not been executed and is not reflected anywhere else in these notes.

On April 24, 2023, Village Council passed Resolution No. 7955 accepting the bid from Ward Construction in the amount of \$458,322 for the Woodland Drive widening project.

**Note 16 – Compliance**

Contrary to Village Charter, the Village did not bid out a contract in excess of the limit set by the Charter.

**Note 17 – Miscellaneous Revenues**

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

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# OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215  
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(800) 282-0370

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

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

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2022 and the related notes to the financial statements of the Village of Ottawa, Putnam County, Ohio (the Village) and have issued our report thereon dated November 15, 2023, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

### ***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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

***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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2022-001.

***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. 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

November 15, 2023



VILLAGE OF OTTAWA  
PUTNAM COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2022

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

FINDING NUMBER 2022-001

**Noncompliance**

The Village of Ottawa's **Charter Section 4.14** states that Council shall be permitted to authorize contracts of seventy-five thousand dollars (\$75,000.00) or less without competitive bidding. Such limit may be indexed upward by no more than 3 percent each year in conjunction with the annual appropriation ordinance to compensate for inflation. Council may provide by ordinance contracting and purchasing procedures for competitive bidding, public advertising, acceptance, rejection and alteration of bids, and modification of contract.

The Village of Ottawa's 2022 annual appropriation ordinance, Ordinance No. 22-02, Section IV permitted Council to authorize contracts of \$94,700 or less without competitive bidding as provided by Section 4.14 of the Village of Ottawa Charter. Due to deficiencies in internal controls, one contract in the amount of \$225,895 for the pipeline rehabilitation project was authorized by the Village Council without any competitive bidding having taken place.

Failure to properly bid out contracts in excess of the limit set by the Village Charter and annual appropriation ordinance could result in unlawful expenditures of Village funds and the Village paying more for material and labor.

The Village should develop policies and procedures to help identify contracts that are subject to competitive bidding requirements.

**Officials' Response:**

The Village now has a better understanding of certain contracting requirements.



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	This finding was first reported in 2019. Material weakness for lack of monitoring of financial transactions resulting in errors in the financial statements.	Corrective action taken and finding is fully corrected.	
2021-002	Finding was first reported in 2021. Village of Ottawa's Charter Section 4.14 for not following competitive bidding requirements on a contract.	Not corrected and reissued as Finding 2022-001 in this report.	The Village was not aware of the requirements at the time they entered the contract. The Village now has a better understanding of certain contracting requirements.

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF OTTAWA**

**PUTNAM COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 11/28/2023**

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

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