

VILLAGE OF OAK HARBOR

OTTAWA COUNTY, OHIO

AUDIT REPORT

For the Years Ended December 31, 2009 and 2008

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the Village of Oak Harbor, Ottawa County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 1, 2010

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

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Oak Harbor
Ottawa County
146 Church St.
Oak Harbor, Ohio 43449

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Oak Harbor, Ottawa County, Ohio, (the Village), as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Oak Harbor, Ottawa County, Ohio, as of December 31, 2009 and 2008, and the respective changes in cash basis financial position and the respective budgetary comparisons for the General Fund and the Street Levy Fund thereof for the years then ended in conformity with accounting basis Note 2 describes.

The management's discussion and analysis not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally on inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2010 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, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Charles E. Harris & Associates, Inc.

June 18, 2010

VILLAGE OF OAK HARBOR
Ottawa County, Ohio
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
(unaudited)

The discussion and analysis of the Village of Oak Harbor's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2009 and 2008, within the limitations of the Village's cash basis of accounting. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Village's financial performance.

Financial Highlights

Key financial highlights for 2009 and 2008 are as follows:

Overall:

- For governmental activities, net assets decreased \$53,345 and increased \$211,140 in 2009 and 2008, respectively which represents a 3 percent decrease from 2008 and 15 percent increase from 2007, respectively.
- In 2009, general receipts accounted for \$1,281,305 in revenue or 74 percent of all governmental receipts. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$447,323 or 26 percent of total governmental revenues of \$1,728,628. In 2008, general receipts accounted for \$1,365,785 in revenue or 79 percent of all governmental receipts. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$365,125 or 21 percent of total governmental revenues of \$1,730,910.
- In 2009, the Village had \$1,781,973 in expenses related to governmental activities; only \$447,323 of these expenses were offset by program specific charges for services, grants or contributions. General receipts (primarily municipal taxes) of \$1,281,532 were adequate to provide for these programs. In 2008, the Village had \$1,519,770 in expenses related to governmental activities; only \$365,125 of these expenses were offset by program specific charges for services, grants or contributions. General receipts (primarily municipal taxes) of \$1,365,785 were adequate to provide for these programs.
- In 2009, among major funds, the general fund had \$1,300,499 in revenues and \$1,290,989 in expenditures. The general fund's fund balance decreased to \$978,149 from \$1,029,866. In 2008, among major funds, the general fund had \$1,366,076 in revenues and \$1,123,400 in expenditures. The general fund's fund balance increased to \$1,029,866 from \$873,068.
- In 2009, for Business-Type activities, program revenues were \$4,482,457. These offset expenses of \$6,360,927. In 2008, for Business-Type activities, program revenues were \$4,121,709. These offset expenses of \$7,853,990.

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Using these Basic Financial Statements

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

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

Reporting the Village as a Whole

Statement of Net Assets and the Statement of Activities

The statement of net assets and the statement of activities reflect how the Village did financially during 2009 and 2008, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activities. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

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

In the Statement of Net Assets and the Statement of Activities, the Village has two kind of activities:

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

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Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the Village's major funds begins on page 15 for 2009 and page 23 for 2008. Fund financial reports provide detailed information about the Village's major funds. The Village uses many funds to account for a multitude of financial transactions. However, these financial statements focus on the Village's most significant funds. The Village's major governmental funds are the General Fund and Street Levy Fund. The Village's major proprietary funds are the Water Fund, Sanitary Sewer Fund, Electric Fund, and Storm Drainage Fund.

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

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

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

VILLAGE OF OAK HARBOR
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The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2009 compared to 2008 and 2008 compared to 2007 on the cash basis:

Table 1

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets:						
Cash and Investments	\$ 1,578,421	\$ 1,631,766	\$ 3,907,496	\$ 4,144,761	\$ 5,485,917	\$ 5,776,527
<i>Total Assets</i>	<u>1,578,421</u>	<u>1,631,766</u>	<u>3,907,496</u>	<u>4,144,761</u>	<u>5,485,917</u>	<u>5,776,527</u>
Net Assets:						
Restricted						
Capital Projects	130,350	80,901	-	-	130,350	80,901
Other Purposes	469,922	520,999	-	-	469,922	520,999
Unrestricted	<u>978,149</u>	<u>1,029,866</u>	<u>3,907,496</u>	<u>4,144,761</u>	<u>4,885,645</u>	<u>5,174,627</u>
<i>Total Net Assets</i>	<u>\$ 1,578,421</u>	<u>\$ 1,631,766</u>	<u>\$ 3,907,496</u>	<u>\$ 4,144,761</u>	<u>\$ 5,485,917</u>	<u>\$ 5,776,527</u>

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets:						
Cash and Investments	\$ 1,631,766	\$ 1,420,626	\$ 4,144,761	\$ 3,582,947	\$ 5,776,527	\$ 5,003,573
<i>Total Assets</i>	<u>1,631,766</u>	<u>1,420,626</u>	<u>4,144,761</u>	<u>3,582,947</u>	<u>5,776,527</u>	<u>5,003,573</u>
Net Assets:						
Restricted						
Capital Projects	80,901	129,001	-	-	80,901	129,001
Other Purposes	520,999	418,557	-	-	520,999	418,557
Unrestricted	<u>1,029,866</u>	<u>873,068</u>	<u>4,144,761</u>	<u>3,582,947</u>	<u>5,174,627</u>	<u>4,456,015</u>
<i>Total Net Assets</i>	<u>\$ 1,631,766</u>	<u>\$ 1,420,626</u>	<u>\$ 4,144,761</u>	<u>\$ 3,582,947</u>	<u>\$ 5,776,527</u>	<u>\$ 5,003,573</u>

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The tables below show the net changes in net assets for 2009, 2008 and 2007.

Table 2

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$ 121,824	\$ 143,529	\$ 4,271,827	\$ 4,121,709	\$ 4,393,651	\$ 4,265,238
Operating Grants and Contributions	182,293	181,896	-	-	182,293	181,896
Capital Grants and Contributions	143,206	39,700	210,630	-	353,836	39,700
General Receipts:						
Property Taxes	227,343	234,179	-	-	227,343	234,179
Municipal Income Taxes	599,159	623,999	-	-	599,159	623,999
Intergovernmental	257,967	193,255	-	-	257,967	193,255
Special Assessments	4,882	5,130	-	-	4,882	5,130
Proceeds of OWDA Loans	-	-	1,635,205	4,294,095	1,635,205	4,294,095
Sale of fixed Assets	-	-	6,000	-	6,000	-
Earnings on Investments	83,098	195,222	-	-	83,098	195,222
Miscellaneous	108,856	114,000	-	-	108,856	114,000
Total Receipts	1,728,628	1,730,910	6,123,662	8,415,804	7,852,290	10,146,714
Disbursements:						
Current:						
Security of Persons and Property	625,384	606,260	-	-	625,384	606,260
Public Health Services	8,325	8,484	-	-	8,325	8,484
Leisure Time Activities	51,067	43,050	-	-	51,067	43,050
Community Environment	1,354	602	-	-	1,354	602
Transportation	516,106	371,046	-	-	516,106	371,046
General Government	242,061	223,822	-	-	242,061	223,822
Capital Outlay	337,676	242,628	-	-	337,676	242,628
Miscellaneous	-	23,878	-	-	-	23,878
Water	-	-	853,227	898,756	853,227	898,756
Sanitary Sewer	-	-	2,598,991	4,873,240	2,598,991	4,873,240
Electric	-	-	2,528,783	2,012,454	2,528,783	2,012,454
Storm Drainage	-	-	369,497	60,100	369,497	60,100
Utilities Deposit	-	-	10,429	9,440	10,429	9,440
Total Disbursements	1,781,973	1,519,770	6,360,927	7,853,990	8,142,900	9,373,760
Changes in Net Assets	\$ (53,345)	\$ 211,140	\$ (237,265)	\$ 561,814	\$ (290,610)	\$ 772,954

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Table 3

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$ 143,529	\$ 104,579	\$ 4,121,709	\$ 4,264,891	\$ 4,265,238	\$ 4,369,470
Operating Grants and Contributions	181,896	171,804	-	-	181,896	171,804
Capital Grants and Contributions	39,700	77,800	-	-	39,700	77,800
General Receipts:						
Property Taxes	234,179	257,117	-	-	234,179	257,117
Municipal Income Taxes	623,999	595,544	-	-	623,999	595,544
Intergovernmental	193,255	98,693	-	-	193,255	98,693
Special Assessments	5,130	4,513	-	-	5,130	4,513
Proceeds of Loans	-	-	4,294,095	183,510	4,294,095	183,510
Proceeds of OPWC Loans	-	-	-	-	-	-
Sale of fixed Assets	-	-	-	-	-	-
Earnings on Investments	195,222	196,042	-	-	195,222	196,042
Miscellaneous	114,000	121,657	-	-	114,000	121,657
Total Receipts	1,730,910	1,627,749	8,415,804	4,448,401	10,146,714	6,076,150
Disbursements:						
Current:						
Security of Persons and Property	606,260	573,618	-	-	606,260	573,618
Public Health Services	8,484	8,297	-	-	8,484	8,297
Leisure Time Activities	43,050	32,917	-	-	43,050	32,917
Community Environment	602	1,238	-	-	602	1,238
Transportation	371,046	350,141	-	-	371,046	350,141
General Government	223,822	205,041	-	-	223,822	205,041
Capital Outlay	242,628	199,042	-	-	242,628	199,042
Miscellaneous	23,878	9,835	-	-	23,878	9,835
Water	-	-	898,756	817,970	898,756	817,970
Sanitary Sewer	-	-	4,873,240	770,673	4,873,240	770,673
Electric	-	-	2,012,454	2,297,691	2,012,454	2,297,691
Storm Drainage	-	-	60,100	402,355	60,100	402,355
Utilities Deposit	-	-	9,440	5,139	9,440	5,139
Total Disbursements	1,519,770	1,380,129	7,853,990	4,293,828	9,373,760	5,673,957
Changes in Net Assets	\$ 211,140	\$ 247,620	\$ 561,814	\$ 154,573	\$ 772,954	\$ 402,193

Governmental Activities

In 2009, net assets of the Village's governmental activities decreased by \$53,345. The governmental expenses of \$1,781,973 were primarily offset by program revenues of \$447,323, general revenues of \$1,281,305 and the prior year cash balance. Program revenues supported 25% of the total governmental activities.

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In 2009, the primary sources of revenue for governmental activities are derived from property taxes, and income taxes. These two revenue sources represent 65% of total general revenue.

In 2008, net assets of the Village's governmental activities increased by \$211,140. The governmental expenses of \$1,519,770 were primarily offset by program revenues of \$365,125, general revenues of \$1,365,785 and the prior year cash balance. Program revenues supported 24% of the total governmental activities.

In 2008, the primary sources of revenue for governmental activities are derived from property taxes, and income taxes. These two revenue sources represent 63% of total general revenue.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 4 shows, for governmental activities, the total cost of services and the net cost of services for 2009 and 2008. That is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlements.

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Table 4

**Total and Cost of Program
Services**

	Governmental Activities		Business Type Activities	
	2009		2009	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Security of Persons and Property	\$ 625,384	\$ (624,813)	-	-
Public Health Services	8,325	(8,325)	-	-
Leisure Time Activities	51,067	(51,067)	-	-
Community Environment	1,354	(1,354)	-	-
Transportation	516,106	(332,749)	-	-
General Government	242,061	(123,072)	-	-
Capital Outlay	337,676	(193,270)	-	-
Water	-	-	\$ 853,227	\$ 40,358
Sanitary Sewer	-	-	2,598,991	(1,719,552)
Electric	-	-	2,528,783	(140,720)
Storm Drainage	-	-	369,497	(64,126)
Utilities Deposit	-	-	10,429	5,570
Total Expenses	\$ 1,781,973	\$ (1,334,650)	\$ 6,360,927	\$ (1,878,470)

	Governmental Activities		Business Type Activities	
	2008		2008	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Security of Persons and Property	\$ 606,260	\$ (605,540)	-	-
Public Health Services	8,484	(8,484)	-	-
Leisure Time Activities	43,050	(43,050)	-	-
Community Environment	602	(602)	-	-
Transportation	371,046	(187,013)	-	-
General Government	223,822	(117,950)	-	-
Capital Outlay	242,628	(168,128)	-	-
Miscellaneous	23,878	(23,878)	-	-
Water	-	-	\$ 898,756	\$ (30,208)
Sanitary Sewer	-	-	4,873,240	(4,088,990)
Electric	-	-	2,012,454	282,385
Storm Drainage	-	-	60,100	102,047
Utilities Deposit	-	-	9,440	2,485
Total Expenses	\$ 1,519,770	\$ (1,154,645)	\$ 7,853,990	\$ (3,732,281)

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	Governmental Activities		Business Type Activities	
	2007		2007	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Security of Persons and Property	\$ 573,618	\$ (572,442)	-	-
Public Health Services	8,297	(8,297)	-	-
Leisure Time Activities	32,917	(32,917)	-	-
Community Environment	1,238	(1,238)	-	-
Transportation	350,141	(178,337)	-	-
General Government	205,041	(101,638)	-	-
Capital Outlay	199,042	(121,242)	-	-
Miscellaneous	9,835	(9,835)	-	-
Water	-	-	\$ 817,970	\$ 59,724
Sanitary Sewer	-	-	770,673	(51,116)
Electric	-	-	2,297,691	209,837
Storm Drainage	-	-	402,355	(257,292)
Utilities Deposit	-	-	5,139	9,910
Total Expenses	\$ 1,380,129	\$ (1,025,946)	\$ 4,293,828	\$ (28,937)

For 2009 and 2008, 25 and 24 percent of general government activities were supported through program revenues, respectively. For all governmental activities, general revenue and prior year cash balance support is all expenses as shown in the above table. The community, as a whole, is by far the primary support for the Village of Oak Harbor.

Business-type Activities

The dependence upon program revenues is apparent as 52 percent of Business-Type activities are supported through these receipts for 2008, and 67 percent for 2009. The infrastructure is beginning to age but the Village has ongoing maintenance projects to upgrade the infrastructure.

The Village's Funds

Information about the Village's major funds is on pages 15-16 and 23-24. These funds are accounted for using the cash basis of accounting.

In 2009, all governmental funds had total revenues of \$1,727,855 and expenditures of \$1,781,973. The net change in fund balance for the year was most significant in the General Fund, where the fund's net assets decreased by \$51,717 for 2009.

In 2008, all governmental funds had total revenues of \$1,730,910 and expenditures of \$1,495,892. The net change in fund balance for the year was most significant in the General Fund, where the fund's net assets increased by \$156,798 for 2008.

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General Fund Budgeting Highlights

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

During the course of 2009 and 2008 the Village amended its General Fund budget numerous times. The Village uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

In 2009, for the General Fund, budget basis revenue was \$1,338,400 and did not change from the original budget. Total actual expenditures on the budget basis (cash outlays plus encumbrances) were \$1,290,989, \$9,510 under revenues.

In 2008, for the General Fund, budget basis revenue was \$1,401,850 and did not change from the original budget. Total actual expenditures on the budget basis (cash outlays plus encumbrances) were \$1,337,811, \$37,312 over revenues.

Debt Administration

Debt

At December 31, 2009, the Village had \$7,075,237 in OWDA loans. These issues were used for improvements to the Village's water and sewer systems.

Current Financial Related Activities

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

Contacting the District's Financial Management

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

Village of Oak Harbor, Ottawa County

Statement of Net Assets - Cash Basis

December 31, 2009

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Investments	<u>\$ 1,578,421</u>	<u>\$ 3,907,496</u>	<u>\$ 5,485,917</u>
<i>Total Assets</i>	<u><u>\$ 1,578,421</u></u>	<u><u>\$ 3,907,496</u></u>	<u><u>\$ 5,485,917</u></u>
Net Assets			
Restricted for:			
Capital Projects	\$ 130,350	-	\$ 130,350
Other Purposes	469,922	-	469,922
Unrestricted	<u>978,149</u>	<u>\$ 3,907,496</u>	<u>4,885,645</u>
<i>Total Net Assets</i>	<u><u>\$ 1,578,421</u></u>	<u><u>\$ 3,907,496</u></u>	<u><u>\$ 5,485,917</u></u>

See accompanying notes to the financial statements

Village of Oak Harbor, Ottawa County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2009

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Security of Persons and Property	\$ 625,384	\$ 571	-	-	\$ (624,813)	-	\$ (624,813)
Public Health Services	8,325	-	-	-	(8,325)	-	(8,325)
Leisure Time Activities	51,067	-	-	-	(51,067)	-	(51,067)
Community Environment	1,354	-	-	-	(1,354)	-	(1,354)
Transportation	516,106	1,064	\$ 182,293	-	(332,749)	-	(332,749)
General Government	242,061	118,989	-	-	(123,072)	-	(123,072)
Capital Outlay	337,676	1,200	-	\$ 143,206	(193,270)	-	(193,270)
<i>Total Governmental Activities</i>	1,781,973	121,824	182,293	143,206	(1,334,650)	-	(1,334,650)
Business Type Activities							
Water	853,227	893,585	-	-	-	40,358	40,358
Sanitary Sewer	2,598,991	795,187	-	84,252	-	(1,719,552)	(1,719,552)
Electric	2,528,783	2,388,063	-	-	-	(140,720)	(140,720)
Storm Drainage	369,497	178,993	-	126,378	-	(64,126)	(64,126)
Utilities Deposit	10,429	15,999	-	-	-	5,570	5,570
<i>Total Business Type Activities</i>	6,360,927	4,271,827	-	210,630	-	(1,878,470)	(1,878,470)
Total	<u>\$ 8,142,900</u>	<u>\$ 4,393,651</u>	<u>\$ 182,293</u>	<u>\$ 353,836</u>	\$ (1,334,650)	\$ (1,878,470)	\$ (3,213,120)
General Receipts							
Property Taxes Levied for:							
General Purposes					135,409	-	135,409
Special Purposes					91,934	-	91,934
Municipal Income Taxes					599,159	-	599,159
Intergovernmental Revenues					257,967	-	257,967
Special Assessments					4,882	-	4,882
Earnings on Investments					83,098	-	83,098
Proceeds of OWDA Loans					-	1,635,205	1,635,205
Sale of Fixed Assets					-	6,000	6,000
Miscellaneous					108,856	-	108,856
<i>Total General Receipts</i>					<u>1,281,305</u>	<u>1,641,205</u>	<u>2,922,510</u>
Change in Net Assets					(53,345)	(237,265)	(290,610)
<i>Net Assets Beginning of Year</i>					<u>1,631,766</u>	<u>4,144,761</u>	<u>5,776,527</u>
<i>Net Assets End of Year</i>					<u>\$ 1,578,421</u>	<u>\$ 3,907,496</u>	<u>\$ 5,485,917</u>

See accompanying notes to the financial statements

Village of Oak Harbor, Ottawa County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2009

	<u>General</u>	<u>Street Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Investments	\$ 978,149	\$ 345,236	\$ 255,036	\$ 1,578,421
<i>Total Assets</i>	<u>\$ 978,149</u>	<u>\$ 345,236</u>	<u>\$ 255,036</u>	<u>\$ 1,578,421</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$ 46,822	\$ 166,702	\$ 24,606	\$ 238,130
Undesignated (Deficit), Reported in:				
General Fund	931,327	-	-	931,327
Special Revenue Funds	-	178,534	101,933	280,467
Capital Projects Funds	-	-	128,497	128,497
<i>Total Fund Balances</i>	<u>\$ 978,149</u>	<u>\$ 345,236</u>	<u>\$ 255,036</u>	<u>\$ 1,578,421</u>

See accompanying notes to the financial statements

Village of Oak Harbor, Ottawa County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2009

	General	Street Levy	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$ 135,409	\$ 91,934	-	\$ 227,343
Municipal Income Taxes	599,159	-	-	599,159
Intergovernmental Revenues	257,967	27,823	\$ 297,676	583,466
Special Assessments	374	4,508	-	4,882
Charges for Services	112,513	-	2,884	115,397
Fines, Licenses and Permits	5,856	-	571	6,427
Earning on Investments	82,363	-	735	83,098
Miscellaneous	106,858	-	1,225	108,083
<i>Total Receipts</i>	1,300,499	124,265	303,091	1,727,855
Disbursements				
Current:				
Security of Persons and Property	624,865	-	519	625,384
Public Health Services	8,325	-	-	8,325
Leisure Time Activities	51,067	-	-	51,067
Community Environment	1,354	-	-	1,354
Transportation	206,182	157,479	152,445	516,106
General Government	241,288	-	773	242,061
Capital Outlay	157,908	-	179,768	337,676
<i>Total Disbursements</i>	1,290,989	157,479	333,505	1,781,973
<i>Excess of Receipts Over (Under) Disbursements</i>	9,510	(33,214)	(30,414)	(54,118)
Other Financing Sources (Uses)				
Transfers-In	-	-	62,000	62,000
Advances-In	100,000	-	100,000	200,000
Transfers-Out	(62,000)	-	-	(62,000)
Advances-Out	(100,000)	-	(100,000)	(200,000)
Other Financing Sources	773	-	-	773
<i>Total Other Financing Sources (Uses)</i>	(61,227)	-	62,000	773
<i>Net Change in Fund Balances</i>	(51,717)	(33,214)	31,586	(53,345)
Fund Balances Beginning of Year	1,029,866	378,450	223,450	1,631,766
Fund Balances End of Year	\$ 978,149	\$ 345,236	\$ 255,036	\$ 1,578,421

See accompanying notes to the financial statements

Village of Oak Harbor, Ottawa County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 120,100	\$ 120,100	\$ 135,409	\$ 15,309
Municipal Income Taxes	560,000	560,000	599,159	39,159
Intergovernmental	238,104	238,104	257,967	19,863
Special Assessments	600	600	374	(226)
Charges for Services	100,045	100,045	112,513	12,468
Fines, Licenses and Permits	7,300	7,300	5,856	(1,444)
Earnings on Investments	100,000	100,000	82,363	(17,637)
Miscellaneous	212,251	212,251	106,858	(105,393)
<i>Total receipts</i>	1,338,400	1,338,400	1,300,499	(37,901)
Disbursements				
Current:				
Security of Persons and Property	\$ 837,750	\$ 837,750	\$ 671,687	\$ 166,063
Public Health Services	8,325	8,325	8,325	-
Leisure Time Activities	66,400	66,400	51,067	15,333
Community Environment	11,545	11,545	1,354	10,191
Transportation	334,200	334,200	206,182	128,018
General Government	562,180	562,180	241,288	320,892
Capital Outlay	333,100	333,100	157,908	175,192
<i>Total Disbursements</i>	2,153,500	2,153,500	1,337,811	815,689
<i>Excess of Receipts Over (Under) Disbursements</i>	(815,100)	(815,100)	(37,312)	777,788
Other Financing Sources (Uses)				
Sale of Capital Assets	2,000	2,000	-	(2,000)
Transfers Out	-	(62,000)	(62,000)	-
Advances In	100,000	100,000	100,000	-
Advances Out	-	(100,000)	(100,000)	-
Other Financing Sources	-	-	773	773
<i>Total Other Financing Sources (Uses)</i>	102,000	(60,000)	(61,227)	(1,227)
<i>Net Change in Fund Balance</i>	(713,100)	(875,100)	(98,539)	776,561
<i>Fund Balance Beginning of Year</i>	977,022	977,022	977,022	-
Prior Year Encumbrances Appropriated	52,844	52,844	52,844	-
<i>Fund Balance End of Year</i>	<u>\$ 316,766</u>	<u>\$ 154,766</u>	<u>\$ 931,327</u>	<u>\$ 776,561</u>

See accompanying notes to the financial statements

Village of Oak Harbor, Ottawa County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Special Revenue - Street Levy Fund
For the Year Ended December 31, 2009

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 88,257	\$ 88,257	\$ 91,934	\$ 3,677
Intergovernmental	26,710	26,710	27,823	1,113
Special Assessments	4,328	4,328	4,508	180
<i>Total receipts</i>	119,295	119,295	124,265	4,970
Disbursements				
Current:				
Transportation	\$ 371,421	\$ 371,421	\$ 324,181	\$ 47,240
<i>Total Disbursements</i>	371,421	371,421	324,181	47,240
<i>Excess of Receipts Over (Under) Disbursements</i>	(252,126)	(252,126)	(199,916)	52,210
<i>Fund Balance Beginning of Year</i>	252,127	252,127	252,127	-
Prior Year Encumbrances Appropriated	126,323	126,323	126,323	-
<i>Fund Balance End of Year</i>	<u>\$ 126,324</u>	<u>\$ 126,324</u>	<u>\$ 178,534</u>	<u>\$ 52,210</u>

See accompanying notes to the financial statements

Village of Oak Harbor, Ottawa County
Statement of Fund Net Assets - Cash Basis
Proprietary Funds
December 31, 2009

	Business-Type Activities					Total Enterprise Funds
	Water	Sanitary Sewer	Electric	Storm Drainage	Utilities Deposit	
Assets						
Equity in Pooled Cash and Investments	\$ 411,940	\$ 602,584	\$ 2,294,300	\$ 552,597	\$ 46,075	\$ 3,907,496
<i>Total Assets</i>	<u>\$ 411,940</u>	<u>\$ 602,584</u>	<u>\$ 2,294,300</u>	<u>\$ 552,597</u>	<u>\$ 46,075</u>	<u>\$ 3,907,496</u>
Net Assets						
Unrestricted	<u>\$ 411,940</u>	<u>\$ 602,584</u>	<u>\$ 2,294,300</u>	<u>\$ 552,597</u>	<u>\$ 46,075</u>	<u>\$ 3,907,496</u>

See accompanying notes to the financial statements

Village of Oak Harbor, Ottawa County
*Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2009*

	Business-Type Activities					Total Enterprise Funds
	Water	Sanitary Sewer	Electric	Storm Drainage	Utilities Deposit	
Operating Receipts						
Charges for Services	\$ 893,585	\$ 795,187	\$ 2,388,063	\$ 178,993	\$ 15,999	\$ 4,271,827
<i>Total Operating Receipts</i>	<u>893,585</u>	<u>795,187</u>	<u>2,388,063</u>	<u>178,993</u>	<u>15,999</u>	<u>4,271,827</u>
Operating Disbursements						
Personal Services	227,115	399,023	331,971	-	-	958,109
Travel Transportation	-	347	1,082	-	-	1,429
Contractual Services	557,045	177,707	1,969,061	-	-	2,703,813
Materials and Supplies	35,559	55,687	46,722	-	-	137,968
Capital Outlay	32,727	1,637,350	179,897	58,578	-	1,908,552
<i>Total Operating Disbursements</i>	<u>852,446</u>	<u>2,270,114</u>	<u>2,528,733</u>	<u>58,578</u>	<u>-</u>	<u>5,709,871</u>
<i>Operating Income (Loss)</i>	41,139	(1,474,927)	(140,670)	120,415	15,999	(1,438,044)
Non-Operating Receipts/Disbursements						
Proceeds of OWDA Loans	-	1,635,205	-	-	-	1,635,205
Intergovernmental	-	84,252	-	126,378	-	210,630
Sale of Fixed Assets	-	-	6,000	-	-	6,000
Debt Service						
Principal	-	(195,592)	-	(191,027)	-	(386,619)
Interest	-	(133,285)	-	(119,892)	-	(253,177)
Other Non-Operating Disbursements	(781)	-	(50)	-	(10,429)	(11,260)
<i>Total Non-Operating Receipts/Disbursements</i>	<u>(781)</u>	<u>1,390,580</u>	<u>5,950</u>	<u>(184,541)</u>	<u>(10,429)</u>	<u>1,200,779</u>
<i>Change in Net Assets</i>	40,358	(84,347)	(134,720)	(64,126)	5,570	(237,265)
<i>Net Assets Beginning of Year</i>	<u>371,582</u>	<u>686,931</u>	<u>2,429,020</u>	<u>616,723</u>	<u>40,505</u>	<u>4,144,761</u>
<i>Net Assets End of Year</i>	<u>\$ 411,940</u>	<u>\$ 602,584</u>	<u>\$ 2,294,300</u>	<u>\$ 552,597</u>	<u>\$ 46,075</u>	<u>\$ 3,907,496</u>

See accompanying notes to the financial statements

Village of Oak Harbor, Ottawa County

Statement of Net Assets - Cash Basis

December 31, 2008

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Investments	<u>\$ 1,631,766</u>	<u>\$ 4,144,761</u>	<u>\$ 5,776,527</u>
<i>Total Assets</i>	<u><u>\$ 1,631,766</u></u>	<u><u>\$ 4,144,761</u></u>	<u><u>\$ 5,776,527</u></u>
Net Assets			
Restricted for:			
Capital Projects	\$ 80,901	-	\$ 80,901
Other Purposes	520,999	-	520,999
Unrestricted	<u>1,029,866</u>	<u>\$ 4,144,761</u>	<u>5,174,627</u>
<i>Total Net Assets</i>	<u><u>\$ 1,631,766</u></u>	<u><u>\$ 4,144,761</u></u>	<u><u>\$ 5,776,527</u></u>

See accompanying notes to the financial statements

Village of Oak Harbor, Ottawa County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2008

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Security of Persons and Property	\$ 606,260	\$ 720	-	-	\$ (605,540)	-	\$ (605,540)
Public Health Services	8,484	-	-	-	(8,484)	-	(8,484)
Leisure Time Activities	43,050	-	-	-	(43,050)	-	(43,050)
Community Environment	602	-	-	-	(602)	-	(602)
Transportation	371,046	2,137	\$ 181,896	-	(187,013)	-	(187,013)
General Government	223,822	105,872	-	-	(117,950)	-	(117,950)
Capital Outlay	242,628	34,800	-	\$ 39,700	(168,128)	-	(168,128)
Miscellaneous	23,878	-	-	-	(23,878)	-	(23,878)
<i>Total Governmental Activities</i>	1,519,770	143,529	181,896	39,700	(1,154,645)	-	(1,154,645)
Business Type Activities							
Water	898,756	868,548	-	-	-	(30,208)	(30,208)
Sanitary Sewer	4,873,240	784,250	-	-	-	(4,088,990)	(4,088,990)
Electric	2,012,454	2,294,839	-	-	-	282,385	282,385
Storm Drainage	60,100	162,147	-	-	-	102,047	102,047
Utilities Deposit	9,440	11,925	-	-	-	2,485	2,485
<i>Total Business Type Activities</i>	7,853,990	4,121,709	-	-	-	(3,732,281)	(3,732,281)
Total	\$ 9,373,760	\$ 4,265,238	\$ 181,896	\$ 39,700	\$ (1,154,645)	\$ (3,732,281)	\$ (4,886,926)
General Receipts							
Property Taxes Levied for:							
General Purposes					137,238	-	137,238
Special Purposes					96,941	-	96,941
Municipal Income Taxes					623,999	-	623,999
Intergovernmental Revenues					193,255	-	193,255
Special Assessments					5,130	-	5,130
Earnings on Investments					195,222	-	195,222
Proceeds of OWDA Loans					-	4,294,095	4,294,095
Miscellaneous					114,000	-	114,000
<i>Total General Receipts</i>					<u>1,365,785</u>	<u>4,294,095</u>	<u>5,659,880</u>
Change in Net Assets					211,140	561,814	772,954
<i>Net Assets Beginning of Year</i>					<u>1,420,626</u>	<u>3,582,947</u>	<u>5,003,573</u>
<i>Net Assets End of Year</i>					<u>\$ 1,631,766</u>	<u>\$ 4,144,761</u>	<u>\$ 5,776,527</u>

See accompanying notes to the financial statements

Village of Oak Harbor, Ottawa County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2008

	<u>General</u>	<u>Street Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Investments	\$ 1,029,866	\$ 378,450	\$ 223,450	\$ 1,631,766
<i>Total Assets</i>	<u>\$ 1,029,866</u>	<u>\$ 378,450</u>	<u>\$ 223,450</u>	<u>\$ 1,631,766</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$ 52,844	\$ 126,323	\$ 31,781	\$ 210,948
Undesignated (Deficit), Reported in:				
General Fund	977,022	-	-	977,022
Special Revenue Funds	-	252,127	110,768	362,895
Capital Projects Funds	-	-	80,901	80,901
<i>Total Fund Balances</i>	<u>\$ 1,029,866</u>	<u>\$ 378,450</u>	<u>\$ 223,450</u>	<u>\$ 1,631,766</u>

See accompanying notes to the financial statements

Village of Oak Harbor, Ottawa County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	General	Street Levy	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$ 137,238	\$ 96,941	-	\$ 234,179
Municipal Income Taxes	623,999	-	-	623,999
Intergovernmental Revenues	193,255	22,941	\$ 198,655	414,851
Special Assessments	622	4,508	-	5,130
Charges for Services	99,086	315	37,087	136,488
Fines, Licenses and Permits	6,321	-	720	7,041
Earning on Investments	192,300	-	2,922	195,222
Miscellaneous	113,255	-	745	114,000
<i>Total Receipts</i>	1,366,076	124,705	240,129	1,730,910
Disbursements				
Current:				
Security of Persons and Property	605,647	-	613	606,260
Public Health Services	8,484	-	-	8,484
Leisure Time Activities	43,050	-	-	43,050
Community Environment	602	-	-	602
Transportation	161,303	20,083	189,660	371,046
General Government	223,582	-	240	223,822
Capital Outlay	80,732	-	161,896	242,628
<i>Total Disbursements</i>	1,123,400	20,083	352,409	1,495,892
<i>Excess of Receipts Over (Under) Disbursements</i>	242,676	104,622	(112,280)	235,018
Other Financing Sources (Uses)				
Transfers-In	-	-	62,000	62,000
Advances-In	75,000	-	75,000	150,000
Transfers-Out	(62,000)	-	-	(62,000)
Advances-Out	(75,000)	-	(75,000)	(150,000)
Other Financing Uses	(23,878)	-	-	(23,878)
<i>Total Other Financing Sources (Uses)</i>	(85,878)	-	62,000	(23,878)
<i>Net Change in Fund Balances</i>	156,798	104,622	(50,280)	211,140
Fund Balances Beginning of Year	873,068	273,828	273,730	1,420,626
Fund Balances End of Year	<u>\$ 1,029,866</u>	<u>\$ 378,450</u>	<u>\$ 223,450</u>	<u>\$ 1,631,766</u>

See accompanying notes to the financial statements

Village of Oak Harbor, Ottawa County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 140,832	\$ 140,832	\$ 137,238	\$ (3,594)
Municipal Income Taxes	640,339	640,339	623,999	(16,340)
Intergovernmental	198,316	198,316	193,255	(5,061)
Special Assessments	638	638	622	(16)
Charges for Services	101,681	101,681	99,086	(2,595)
Fines, Licenses and Permits	6,487	6,487	6,321	(166)
Earnings on Investments	197,336	197,336	192,300	(5,036)
Miscellaneous	116,221	116,221	113,255	(2,966)
<i>Total receipts</i>	1,401,850	1,401,850	1,366,076	(35,774)
Disbursements				
Current:				
Security of Persons and Property	\$ 761,892	\$ 761,892	\$ 620,768	\$ 141,124
Public Health Services	8,484	8,484	8,484	-
Leisure Time Activities	61,836	61,836	43,180	18,656
Community Environment	21,725	21,725	652	21,073
Transportation	352,723	352,723	182,733	169,990
General Government	585,657	585,657	239,695	345,962
Capital Outlay	355,268	355,268	80,732	274,536
<i>Total Disbursements</i>	2,147,585	2,147,585	1,176,244	971,341
<i>Excess of Receipts Over (Under) Disbursements</i>	(745,735)	(745,735)	189,832	935,567
Other Financing Sources (Uses)				
Transfers Out	(62,000)	(62,000)	(62,000)	-
Advances In	76,964	76,964	75,000	(1,964)
Advances Out	(100,000)	(100,000)	(75,000)	25,000
Other Financing Uses	-	-	(23,878)	(23,878)
<i>Total Other Financing Sources (Uses)</i>	(85,036)	(85,036)	(85,878)	(842)
<i>Net Change in Fund Balance</i>	(830,771)	(830,771)	103,954	934,725
<i>Fund Balance Beginning of Year</i>	830,588	830,588	830,588	-
Prior Year Encumbrances Appropriated	42,480	42,480	42,480	-
<i>Fund Balance End of Year</i>	<u>\$ 42,297</u>	<u>\$ 42,297</u>	<u>\$ 977,022</u>	<u>\$ 934,725</u>

See accompanying notes to the financial statements

Village of Oak Harbor, Ottawa County
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Special Revenue - Street Levy Fund
For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 100,309	\$ 100,309	\$ 96,941	\$ (3,368)
Intergovernmental	23,738	23,738	22,941	(797)
Special Assessments	4,665	4,665	4,508	(157)
Charges for Services	326	326	315	(11)
<i>Total receipts</i>	129,038	129,038	124,705	(4,333)
Disbursements				
Current:				
Transportation	\$ 55,225	\$ 55,225	\$ 39,893	\$ 15,332
Capital Outlay	347,641	347,641	106,513	241,128
<i>Total Disbursements</i>	402,866	402,866	146,406	256,460
<i>Excess of Receipts Over (Under) Disbursements</i>	(273,828)	(273,828)	(21,701)	252,127
<i>Fund Balance Beginning of Year</i>	273,828	273,828	273,828	-
<i>Fund Balance End of Year</i>	\$ -	\$ -	\$ 252,127	\$ 252,127

See accompanying notes to the financial statements

Village of Oak Harbor, Ottawa County

Statement of Fund Net Assets - Cash Basis

Proprietary Funds

December 31, 2008

	Business-Type Activities					Total
	Water	Sanitary Sewer	Electric	Storm Drainage	Utilities Deposit	Enterprise Funds
Assets						
Equity in Pooled Cash and Investments	\$ 371,582	\$ 686,931	\$ 2,429,020	\$ 616,723	\$ 40,505	\$ 4,144,761
<i>Total Assets</i>	<u>\$ 371,582</u>	<u>\$ 686,931</u>	<u>\$ 2,429,020</u>	<u>\$ 616,723</u>	<u>\$ 40,505</u>	<u>\$ 4,144,761</u>
Net Assets						
Unrestricted	<u>\$ 371,582</u>	<u>\$ 686,931</u>	<u>\$ 2,429,020</u>	<u>\$ 616,723</u>	<u>\$ 40,505</u>	<u>\$ 4,144,761</u>

See accompanying notes to the financial statements

Village of Oak Harbor, Ottawa County
*Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2008*

	Business-Type Activities					Total Enterprise Funds
	Water	Sanitary Sewer	Electric	Storm Drainage	Utilities Deposit	
Operating Receipts						
Charges for Services	\$ 868,548	\$ 784,250	\$ 2,294,839	\$ 162,147	\$ 11,925	\$ 4,121,709
<i>Total Operating Receipts</i>	<u>868,548</u>	<u>784,250</u>	<u>2,294,839</u>	<u>162,147</u>	<u>11,925</u>	<u>4,121,709</u>
Operating Disbursements						
Personal Services	241,275	385,922	318,699	-	-	945,896
Travel Transportation	-	147	658	-	-	805
Contractual Services	622,430	325,821	1,630,350	14,853	-	2,593,454
Materials and Supplies	30,958	62,881	46,457	-	-	140,296
Capital Outlay	3,792	3,946,818	16,290	-	-	3,966,900
<i>Total Operating Disbursements</i>	<u>898,455</u>	<u>4,721,589</u>	<u>2,012,454</u>	<u>14,853</u>	<u>-</u>	<u>7,647,351</u>
<i>Operating Income (Loss)</i>	(29,907)	(3,937,339)	282,385	147,294	11,925	(3,525,642)
Non-Operating Receipts/Disbursements						
Proceeds of OWDA Loans	-	4,048,701	-	245,394	-	4,294,095
Debt Service						
Principal	-	(82,250)	-	(27,071)	-	(109,321)
Interest	-	(69,401)	-	(18,176)	-	(87,577)
Other Non-Operating Disbursements	(301)	-	-	-	(9,440)	(9,741)
<i>Total Non-Operating Receipts/Disbursements</i>	<u>(301)</u>	<u>3,897,050</u>	<u>-</u>	<u>200,147</u>	<u>(9,440)</u>	<u>4,087,456</u>
<i>Change in Net Assets</i>	(30,208)	(40,289)	282,385	347,441	2,485	561,814
<i>Net Assets Beginning of Year</i>	<u>401,790</u>	<u>727,220</u>	<u>2,146,635</u>	<u>269,282</u>	<u>38,020</u>	<u>3,582,947</u>
<i>Net Assets End of Year</i>	<u>\$ 371,582</u>	<u>\$ 686,931</u>	<u>\$ 2,429,020</u>	<u>\$ 616,723</u>	<u>\$ 40,505</u>	<u>\$ 4,144,761</u>

See accompanying notes to the financial statements

VILLAGE OF OAK HARBOR
Ottawa County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2009 and 2008

Note 1 – Reporting Entity

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

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

A. Primary Government

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

B. Component Units

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

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2 C, 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. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its governmental activities, business-type activities or to its enterprise funds. Following are the more significant of the Village's accounting policies.

VILLAGE OF OAK HARBOR
Ottawa County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2009 and 2008

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets 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 assets 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.

The statement of net assets 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 and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, 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 Village's general receipts.

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.

B. 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. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental and proprietary.

VILLAGE OF OAK HARBOR
Ottawa County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2009 and 2008

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are the General Fund and Street Levy Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. The Street Levy Fund is used to record the collection of property tax levies designated for construction and repair of Village streets. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as enterprise.

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 Village's major enterprise funds are as follows:

Water Fund - The water fund accounts for the provision of water to the residents and commercial users located within the Village.

Sanitary Sewer Fund - The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Electric Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Storm Drainage Fund - This fund is used to record fees for maintenance and improvement of storm sewers within the Village.

C. Basis of Accounting

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

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

VILLAGE OF OAK HARBOR
Ottawa County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2009 and 2008

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

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

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

E. 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".

Cash and cash equivalents that are held separately in accounts at a financial institution for retainage and bond reserves and debt service are reported as "Cash and Cash Equivalents with Fiscal Agents."

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 2009 and 2008, the Village invested in nonnegotiable certificates of deposit and repurchase agreements. The nonnegotiable certificates of deposit are reported at cost.

VILLAGE OF OAK HARBOR
Ottawa County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2009 and 2008

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 2009 and 2008 were \$82,363 and \$192,300.

F. Restricted Assets

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

G. 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.

H. 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.

I. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. 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.

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their 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.

L. 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 are reported at inception. Lease payments are reported when paid. The Village had no such transactions in 2009 or 2008.

VILLAGE OF OAK HARBOR
Ottawa County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2009 and 2008

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

N. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

O. Interfund Transactions

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

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

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and Street Levy Fund 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 a reservation of fund balance (cash basis). The Village had outstanding encumbrances of \$46,822 and \$166,702 in 2009 and \$52,844 and \$126,323 in 2008 in the General Fund and Street Levy Fund, respectively.

VILLAGE OF OAK HARBOR
Ottawa County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2009 and 2008

Note 4 – Deposits and Investments

State statutes classify monies held by the Village into three categories.

Active deposits are public deposits necessary to meet current demands on 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 the Village has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by 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 may be deposited or invested in the following securities:

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

VILLAGE OF OAK HARBOR
Ottawa County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2009 and 2008

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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Custodial credit risk for deposits is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2008, \$5,593,257 of the Village's bank balance of \$5,843,257 which includes \$3,641,000 of non-negotiable certificates of deposit was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name. At December 31, 2009, \$5,269,426 of the Village's bank balance of \$5,519,426 which includes \$3,771,000 of non-negotiable certificates of deposit was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

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

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

The Village had no investments at either year-end.

Note 5 – Income Taxes

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

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

VILLAGE OF OAK HARBOR
Ottawa County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2009 and 2008

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2009 and 2008 represent the collection of 2008 and 2007 taxes. Real property taxes received in 2009 and 2008 were levied after October 1, 2008 and 2007, on the assessed values as of January 1, 2007 and 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2009 and 2008 represent the collection of 2008 and 2007 taxes, respectively. Public utility real and tangible personal property taxes received in 2009 and 2008 became a lien on December 31, 2008 and 2007, were levied after October 1, 2008 and 2007, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2009 and 2008 (other than public utility property) represent the collection of 2008 and 2007 taxes, respectively. Tangible personal property taxes received in 2008 and 2007 were levied after October 1, 2007 and 2006, on the true value as of December 31, 2008 and 2007, respectively. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible property taxes are being phased out over a three year period.

The full tax rate for all Village operations for the year ended December 31, 2009 and 2008, was \$7.50 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2009 and 2008 property tax receipts were based are as follows:

2009	
Real Property	
Residential and Agricultural	\$ 40,797,860
Other	6,462,520
Tangible Personal Property	
General	74,200
Public Utility	337,210
Total Assessed Value	\$ 47,671,790

2008	
Real Property	
Residential and Agricultural	\$ 40,322,400
Other	6,466,550
Tangible Personal Property	
General	501,230
Public Utility	353,119
Total Assessed Value	\$ 47,643,299

VILLAGE OF OAK HARBOR
Ottawa County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2009 and 2008

Note 7 – Risk Management

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

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

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

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

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

Note 8 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2009 and 2008, the members of all three plans were required to contribute 10.0 percent of their annual covered salaries. The Village's contribution rate for pension benefits for 2009 and 2008 was 14.00 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$162,030, \$158,400, and \$145,245, respectively. The full amount has been contributed for 2009, 2008 and 2007.

VILLAGE OF OAK HARBOR
Ottawa County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2009 and 2008

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Village is required to contribute 19.5 percent for police officers. Contributions are authorized by State statute. The Village's required contributions to the Fund for the years ended December 31, 2009, 2008, and 2007 were \$42,228, \$41,522, and \$41,190. The full amount has been contributed for 2009, 2008 and 2007.

Note 9 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2009 and 2008 local government employer contribution rate was 14.00 percent of covered payroll; 7 percent from January 1 through March 31, 2009 and 5.5 percent from April 1 through December 31, 2009, and 7 percent for 2008 of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2008, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 5.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

VILLAGE OF OAK HARBOR
Ottawa County, Ohio
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The number of active contributing participants in the traditional and combined plans was 357,584 in 2009 and 363,503 in 2008. Actual employer contributions for 2009 and 2008 which were used to fund postemployment benefits were \$81,015 and \$79,200, respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2008, (the latest information available) were \$10.7 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.6 billion and \$18.9 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

The total police employer contribution rate is 19.5 percent of covered payroll, the total firefighter contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2009 and 2008. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Village's actual contributions that were used to fund postemployment benefits were \$14,610 in 2009 and \$14,366 in 2008 for police. The OP&F's total health care expense for the year ended December 31, 2008 (the latest information available) was \$96,472,398, which was net of member contributions of \$56,948,977. The number of OP&F participants eligible to receive health care benefits as of December 31, 2008, was 14,567 for police and 10,750 for firefighters.

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Notes to the Financial Statements
For the Year Ended December 31, 2009 and 2008

Note 10 – Debt

The Village’s long-term debt activity for the years ended December 31, 2009 and 2008 were as follows:

	<u>Interest Rates</u>	<u>Balance at 1/1/2009</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at 12/31/2009</u>	<u>Due in one year</u>
O.W.D.A. Loans	2.86-7.51%	\$ 5,788,707	\$ 1,597,259	\$ 348,674	\$ 7,037,292	\$ 75,406
Capitalized Interest		37,945	-	-	37,945	-
Total O.W.D.A. Loans		<u>5,826,652</u>	<u>1,597,259</u>	<u>348,674</u>	<u>7,075,237</u>	<u>75,406</u>
Total Business-Type Activities		<u>\$ 5,826,652</u>	<u>\$ 1,597,259</u>	<u>\$ 348,674</u>	<u>\$ 7,075,237</u>	<u>\$ 75,406</u>

	<u>Interest Rates</u>	<u>Balance at 1/1/2008</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at 12/31/2008</u>	<u>Due in one year</u>
O.W.D.A. Loans	2.86-7.51%	\$ 1,603,933	\$ 4,294,095	\$ 109,321	\$ 5,788,707	\$ 348,674
Capitalized Interest		-	37,945	-	37,945	-
Total Business-Type Activities		<u>\$ 1,603,933</u>	<u>\$ 4,332,040</u>	<u>\$ 109,321</u>	<u>\$ 5,826,652</u>	<u>\$ 348,674</u>

The prior year ending debt balance was understated by \$3,145.

Principal and interest requirements to amortize all debt outstanding at December 31, 2009 is as follows:

Year Ending December 31:	<u>O.W.D.A. Loans #1805 Principal</u>	<u>O.W.D.A. Loans #1805 Interest</u>	<u>O.W.D.A. Loans #2166 Principal</u>	<u>O.W.D.A. Loans #2166 Interest</u>
2010	\$ 75,406	\$ 41,034	\$ 45,205	\$ 38,565
2011	81,068	35,372	47,753	36,017
2012	87,156	29,284	50,446	33,325
2013	93,702	22,738	53,289	30,481
2014	100,740	15,700	56,294	27,476
2015-2019	108,337	8,103	332,800	86,050
2020-2024	-	-	118,981	6,674
Total	<u>\$ 546,409</u>	<u>\$ 152,231</u>	<u>\$ 704,768</u>	<u>\$ 258,588</u>

Note: Amortization schedule for loan number 4806 was not available

NOTE 11 - Interfund Transactions

The following is a reconciliation of the Village’s transfers and advances for 2009 and 2008:

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2009				
Fund	Transfers In	Transfers Out	Advances In	Advances Out
General	\$ -	\$ 62,000	\$ 100,000	\$ 100,000
Tree	2,000	-	-	-
Tier II Capital Improvement	-	-	100,000	100,000
Capital Improvement	60,000	-	-	-
Total	<u>\$ 62,000</u>	<u>\$ 62,000</u>	<u>\$ 200,000</u>	<u>\$ 200,000</u>
2008				
Fund	Transfers In	Transfers Out	Advances In	Advances Out
General	-	\$ 62,000	\$ 75,000	\$ 75,000
Tree	\$ 2,000	-	-	-
Tier II Capital Improvement	-	-	75,000	75,000
Capital Improvement	60,000	-	-	-
Total	<u>\$ 62,000</u>	<u>\$ 62,000</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>

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

Note 12 – Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed, by the grantor cannot be determined at this time although the Village expects such amounts, if any, to be immaterial.

The Village may be a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Village Solicitor, the resolution of these matters will not have a material adverse effect on the financial condition of the Village.

Note 13 – Joint Venture

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

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

VILLAGE OF OAK HARBOR
Ottawa County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2009 and 2008

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP-Ohio, which acts as the joint venture's agent. During 2001, AMP-Ohio issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. The Village's net investment in OMEGA JV2 was \$189,528 and \$202,840 at December 31, 2009 and 2008, respectively. Complete financial statements for OMEGA JV2 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2009 are:

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

VILLAGE OF OAK HARBOR
Ottawa County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2009 and 2008

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

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

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

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2009 Oak Harbor has met their debt coverage obligation.

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

OMEGA JV5 is managed by AMP-Ohio, which acts as the joint venture's agent. During 1993 and 2001 AMP-Ohio issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024.

The Village's net investment to date in OMEGA JV5 was \$112,678 and \$84,214 at December 31, 2009 and 2008, respectively. Complete financial statements for OMEGA JV5 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

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

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

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

To the Village Council:

We have audited the 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 (Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 18, 2010, wherein we noted the Village uses the cash basis of accounting rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with 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.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion 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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-Oak Harbor-001.

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

We noted certain matters that we have reported to management of the Village in a separate letter dated June 18, 2010.

We intend this report solely for the information and use of management, the audit committee, the Village Council and others within the Village. We intend it for no one other than these specified parties.

Charles E. Harris & Associates, Inc.

June 18, 2010

**VILLAGE OF OAK HARBOR
SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

Finding Number: 2009-Oak Harbor-001:

Ohio Revised Code Section 5705.36(A)(4) requires that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency. The following funds had actual receipts below estimated receipts, which the deficiency reduced the estimated resources below the level of appropriations.

<u>2009</u>	<u>Estimated Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
<u>Enterprise Funds:</u>			
Sanitary Sewer Fund	\$ 2,947,513	\$ 2,515,645	\$ (431,868)
Electric Fund	2,548,000	2,394,064	(153,936)
<u>2008</u>			
<u>Special Revenue Fund:</u>			
Street Levy	129,038	124,705	(4,333)
<u>Enterprise Fund:</u>			
Sanitary Sewer Fund	6,284,000	4,832,591	(1,451,409)

We recommend that the Village monitor estimated receipts and actual revenue. The Village should request the county budget commission issue an amended certificate of estimated resources to reflect the actual revenue.

Management Response:

The Sanitary Sewer discrepancies for both 2008 and 2009 are directly linked to the Village's Combined Sewer Overflow (CSO) Project. The revenue variances are also directly linked to the expenditures as they were booked at the same time. Had the expenses occurred as anticipated the revenue would have gone up also. Therefore that is why there was an unencumbered balance in the appropriation that closely matches these revenue variances. On this project some of the fees were paid by the Village and then reimbursed through drawdown requests on the OWDA loan and others were paid by OWDA directly to the project vendors. In the second half of December of 2008 requests were submitted to OWDA totaling \$369,322 and it was not known if there would be any additional pay requests from the vendors before year-end. Of the \$369,322, \$126,553 was receipted by the Village on December 26th, \$220,394 on the 29th and \$22,375 was not received until January 5, 2009. On advice of the project engineers, I requested an Amended Certificate of Estimated Resources for this fund in the amount of \$2,500,000 on September 10.

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, for the years ending December 31, 2007 and 2006, reported no material citations or recommendations.

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Mary Taylor, CPA
Auditor of State

VILLAGE OF OAK HARBOR

OTTAWA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 14, 2010