



VILLAGE OF OTTOVILLE
PUTNAM COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2022	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) Proprietary Fund Type For the Year Ended December 31, 2022	6
Notes to the Financial Statements For the Year Ended December 31, 2022	7
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2021	15
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) Proprietary Fund Type For the Year Ended December 31, 2021	16
Notes to the Financial Statements For the Year Ended December 31, 2021	17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	25
Schedule of Findings.....	27
Prepared by Management:	
Summary Schedule of Prior Audit Findings	29

This page intentionally left blank.



INDEPENDENT AUDITOR'S REPORT

Village of Ottoville
Putnam County
150 Park Drive
P.O. Box 488
Ottoville, Ohio 45876-0488

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Ottoville, Putnam County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2022 and 2021, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

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

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2023, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

October 18, 2023

This page intentionally left blank.

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$79,348	\$67,132		\$146,480
Municipal Income Tax	544,988			544,988
Intergovernmental	100,214	136,758	\$32,687	269,659
Charges for Services	38,129			38,129
Fines, Licenses and Permits	615	562		1,177
Earnings on Investments	1,987	124		2,111
Miscellaneous	19,165	50		19,215
<i>Total Cash Receipts</i>	<u>784,446</u>	<u>204,626</u>	<u>32,687</u>	<u>1,021,759</u>
Cash Disbursements				
Current:				
Security of Persons and Property	337,364	22,836	6,387	366,587
Basic Utility Services		41,690		41,690
Transportation	14,234	188,848		203,082
General Government	218,784			218,784
Capital Outlay		12,495		12,495
Debt Service:				
Principal Retirement	20,280	23,818		44,098
Interest and Fiscal Charges		663		663
<i>Total Cash Disbursements</i>	<u>590,662</u>	<u>290,350</u>	<u>6,387</u>	<u>887,399</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>193,784</u>	<u>(85,724)</u>	<u>26,300</u>	<u>134,360</u>
Other Financing Receipts (Disbursements)				
Loans Issued			360,000	360,000
Transfers In		109,900		109,900
Transfers Out	(121,900)			(121,900)
Advances In	392,687		6,387	399,074
Advances Out	(6,387)		(392,687)	(399,074)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>264,400</u>	<u>109,900</u>	<u>(26,300)</u>	<u>348,000</u>
<i>Net Change in Fund Cash Balances</i>	458,184	24,176		482,360
<i>Fund Cash Balances, January 1</i>	<u>240,157</u>	<u>145,830</u>	<u>2,500</u>	<u>388,487</u>
<i>Fund Cash Balances, December 31</i>	<u>\$698,341</u>	<u>\$170,006</u>	<u>\$2,500</u>	<u>\$870,847</u>

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

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$455,555
Miscellaneous	2,631
<i>Total Operating Cash Receipts</i>	458,186
Operating Cash Disbursements	
Personal Services	119,499
Fringe Benefits	49,405
Contractual Services	197,736
Supplies and Materials	47,512
Other	2,850
<i>Total Operating Cash Disbursements</i>	417,002
<i>Operating Income</i>	41,184
Non-Operating Receipts (Disbursements)	
Earnings on Investments	77
Principal Retirement	(56,934)
Interest and Other Fiscal Charges	(365)
<i>Total Non-Operating Receipts (Disbursements)</i>	(57,222)
<i>Loss Before Transfers</i>	(16,038)
Transfers In	12,000
<i>Net Change in Fund Cash Balances</i>	(4,038)
<i>Fund Cash Balances, January 1</i>	316,146
<i>Fund Cash Balances, December 31</i>	\$312,108

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

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

Note 1 – Reporting Entity

The Village of Ottoville, Putnam County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village appropriates General Fund money to support a volunteer fire department.

Public Entity Risk Pool

The Village participates in a public entity risk pool, the Ohio Plan Risk Management, Inc. (OPRM). Note 6 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Street Construction Maintenance and Repair Fund This fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

Other Capital Projects Fund This fund accounts for and reports proceeds from grants and loans for Village projects, as well as advances from the General Fund to help fund these projects.

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

Water Fund This fund accounts for the provision of water treatment and distribution to the residents and commercial users within the Village.

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

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

Basis of Accounting

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

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

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

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

Leases

The Village is the lessor/lessee in various leases (as defined by GASB 87) related to vehicles and other equipment under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

Fund Balance

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

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

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*.

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

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

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

Note 3 – Budgetary Activity

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

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,111,213	\$784,446	(\$326,767)
Special Revenue	387,781	314,526	(73,255)
Capital Projects		392,687	392,687
Enterprise	435,650	470,263	34,613
Total	\$1,934,644	\$1,961,922	\$27,278

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

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$923,893	\$712,562	\$211,331
Special Revenue	397,964	290,350	107,614
Capital Projects	6,387	6,387	
Enterprise	559,405	474,301	85,104
Total	<u>\$1,887,649</u>	<u>\$1,483,600</u>	<u>\$404,049</u>

The General Fund actual receipts and the Capital Project Fund actual disbursements will be lower on the budgetary statement in the amount of \$392,687 due to advances not being budgeted by the Village. In addition, the General Fund actual disbursements and the Capital Project Fund actual receipts will be lower on the budgetary statement in the amount of \$6,387 due to advances not being budgeted by the Village.

Note 4 – Deposits

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

	2022
Demand deposits	<u>\$232,264</u>
Certificates of deposit	950,691
Total deposits	<u>\$1,182,955</u>

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

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

Note 5 – Taxes

Property Taxes

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

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

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

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

Income Taxes

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

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

Note 6 – Risk Management

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

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021 (the latest information available).

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

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

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

Ohio Police and Fire Retirement System

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

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

Social Security

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

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

Note 8 – Postemployment Benefits

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

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

Note 9 – Debt

Debt outstanding at December 31, 2022 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission #CT51F	\$26,613	1%
Ohio Public Works Commission #CM08Q	233,250	0%
Ohio Water Development Authority #4324	104,547	0%
Ohio Water Development Authority #4592	79,598	0%
Ohio Public Works Commission #CM24S	183,871	0%
Ohio Public Works Commission #CM21W	391,176	0%
Ohio Public Works Commission #CM21X	99,776	0%
Paulding Putnam Electric Co-op Loan	<u>360,000</u>	0%
Total	<u>\$1,478,831</u>	

Ohio Public Works Commission (OPWC) loan #CT51F was entered into in 2002, for the purpose of providing revenues for a wastewater treatment plant sludge handling improvement. The 20 year loan is for \$243,683. The Village began making semiannual installments of \$6,737 in 2004, with final maturity in 2024.

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

Ohio Public Works Commission (OPWC) loan #CM08Q was entered into in 2013, for the purpose of providing revenues for the Auglaize Street Reconstruction. The 30 year loan is for \$311,000. The Village began making semiannual payments of \$5,183 in 2013, with final maturity of 2044.

Ohio Water Development Authority (OWDA) loan #4324 was entered into in 2005, for the purpose of providing revenues for phase II of a wastewater treatment plant sludge handling improvement. The 20 year loan is for \$522,737. The Village began making annual installments of \$26,137 in 2007, with final maturity in 2027.

Ohio Water Development Authority (OWDA) loan #4592 was entered into in 2006, for the purpose of providing revenues for phase III of a wastewater treatment plant sludge handling improvement. The 20 year loan is for \$353,762. The Village began making semiannual payments of \$8,844 in 2008, with final maturity in 2027.

Ohio Public Works Commission (OPWC) loan #CM24S was entered into in 2016 for the purpose of providing revenues for storm sewer improvements on Bendele Street. The 30 year loan is for \$220,647. The Village began making semiannual installments of \$3,677 in 2017 with final maturity in 2047.

Ohio Public Works Commission (OPWC) loan #CM21W was entered into in 2019 for the purpose of providing revenues for improvements on the storm sewer main line. The 28 year loan is for \$394,060. The Village began making semiannual payments of \$6,985 in 2020 with final maturity in 2050.

Ohio Public Works Commission (OPWC) loan #CM21X was entered into in 2021 for the purpose of providing revenues for storm sewer improvements on Max Street. The 20 year loan is for up to \$192,752. As of December 31, 2022, OPWC had disbursed \$102,334 of the total available, and the Village began making payments in 2022, with final maturity in 2042.

The Paulding Putnam Electric Co-op (PPEC) loan was entered into in 2022 for the purpose of the expansion of the industrial park on Progressive Drive. The 10 year loan is for \$360,000. The Village will begin making \$36,000 annual payments in 2023 with final maturity in 2032.

Financed Purchases

The Village has entered into financed purchases agreements for equipment where ownership of the underlying asset transfers to the Village by the end of the contract. The Village disbursed \$24,481 to pay these costs for the year ended December 31, 2022.

Amortization

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

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

Year Ending December 31:	OPWC Loans	OWDA Loans	PPEC Loan
2023	\$47,724	\$21,913	\$36,000
2024	50,283	43,825	36,000
2025	36,809	43,825	36,000
2026	36,809	43,825	36,000
2027	36,809	30,757	36,000
2028-2032	184,045		180,000
2033-2037	184,045		
2038-2042	184,045		
2043-2047	132,538		
2048-2050	41,913		
Total	<u>\$935,020</u>	<u>\$184,145</u>	<u>\$360,000</u>

Note 10 – Interfund Transfers

During 2022, the following transfers were made:

Fund	Amount
General Fund Transfer Out to:	
Street Construction Maintenance and Repair Fund	\$104,900
Police Fund	5,000
Sewer Reserve Fund	8,000
Water Reserve Fund	4,000
Total	<u>\$121,900</u>

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

Note 11 – Interfund Advances

During 2022, the Village advanced \$6,387 from the General Fund to the Other Capital Projects Fund. In addition, the Other Capital Projects Fund returned outstanding advances of \$392,687 to the General Fund during 2022.

Note 12 – Compliance

Contrary to Ohio Rev. Code § 5705.10, the Village inappropriately recorded grant receipts and loans issued in the wrong funds.

Note 13 – Fund Balances

The fund balance of Special Revenue Funds is restricted. The fund balance of the Capital Project Fund is committed.

Village of Ottoville
Putnam County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$78,515	\$65,043		\$143,558
Municipal Income Tax	523,332			523,332
Intergovernmental	38,137	157,277		195,414
Charges for Services	53,780			53,780
Fines, Licenses and Permits	2,041	876		2,917
Earnings on Investments	2,660	183		2,843
Miscellaneous	16,083	656		16,739
<i>Total Cash Receipts</i>	<u>714,548</u>	<u>224,035</u>		<u>938,583</u>
Cash Disbursements				
Current:				
Security of Persons and Property	232,504	33,068	\$26,300	291,872
Transportation	16,307	228,928		245,235
General Government	239,577			239,577
Capital Outlay	5,753	9,095	745,898	760,746
Debt Service:				
Principal Retirement	8,860	27,373		36,233
Interest and Fiscal Charges		1,308		1,308
<i>Total Cash Disbursements</i>	<u>503,001</u>	<u>299,772</u>	<u>772,198</u>	<u>1,574,971</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>211,547</u>	<u>(75,737)</u>	<u>(772,198)</u>	<u>(636,388)</u>
Other Financing Receipts (Disbursements)				
Loans Issued			102,334	102,334
Transfers In		141,373	280,407	421,780
Transfers Out	(433,780)			(433,780)
Advances In			386,300	386,300
Advances Out	(386,300)			(386,300)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(820,080)</u>	<u>141,373</u>	<u>769,041</u>	<u>90,334</u>
<i>Net Change in Fund Cash Balances</i>	(608,533)	65,636	(3,157)	(546,054)
<i>Fund Cash Balances, January 1</i>	<u>848,690</u>	<u>80,194</u>	<u>5,657</u>	<u>934,541</u>
<i>Fund Cash Balances, December 31</i>	<u>\$240,157</u>	<u>\$145,830</u>	<u>\$2,500</u>	<u>\$388,487</u>

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

Village of Ottoville
Putnam County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2021

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$448,039
Miscellaneous	15,373
	463,412
Operating Cash Disbursements	
Personal Services	87,666
Fringe Benefits	38,371
Contractual Services	238,356
Supplies and Materials	49,068
	413,461
<i>Operating Income</i>	49,951
Non-Operating Receipts (Disbursements)	
Earnings on Investments	77
Capital Outlay	(13,840)
Principal Retirement	(50,331)
Interest and Other Fiscal Charges	(231)
Other Financing Uses	(1,800)
	(66,125)
<i>Loss Before Transfers</i>	(16,174)
Transfers In	12,000
<i>Net Change in Fund Cash Balances</i>	(4,174)
<i>Fund Cash Balances, January 1</i>	320,320
<i>Fund Cash Balances, December 31</i>	\$316,146

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

Village of Ottoville
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The Village of Ottoville, Putnam County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village appropriates General Fund money to support a volunteer fire department.

Public Entity Risk Pool

The Village participates in a public entity risk pool, the Ohio Plan Risk Management, Inc. (OPRM). Note 6 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Street Construction Maintenance and Repair Fund This fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

Other Capital Projects Fund This fund accounts for and reports proceeds from grants and loans for Village projects, as well as transfers and advances from the General Fund to help fund these projects.

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

Water Fund This fund accounts for the provision of water treatment and distribution to the residents and commercial users within the Village.

Village of Ottoville
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

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

Basis of Accounting

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

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

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2021 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Village of Ottoville
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Fund Balance

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

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

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*.

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

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

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

Fund Type	2021 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$640,273	\$714,548	\$74,275
Special Revenue	366,788	365,408	(1,380)
Capital Projects	752,768	769,041	16,273
Enterprise	576,680	475,489	(101,191)
Total	\$2,336,509	\$2,324,486	(\$12,023)

Village of Ottoville
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,447,326	\$1,323,081	\$124,245
Special Revenue	335,310	299,772	35,538
Capital Projects	783,823	772,198	11,625
Enterprise	621,635	479,663	141,972
Total	<u>\$3,188,094</u>	<u>\$2,874,714</u>	<u>\$313,380</u>

Note 4 – Deposits

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

	2021
Demand deposits	<u>\$472,733</u>
Certificates of deposit	<u>231,900</u>
Total deposits	<u>\$704,633</u>

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

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

Note 5 – Taxes

Property Taxes

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

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

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

Income Taxes

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

Village of Ottoville
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

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

Note 6 – Risk Management

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

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

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

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

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

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2021.

Village of Ottoville
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

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

Note 9 – Debt

Debt outstanding at December 31, 2021 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission #CT51F	\$39,722	1%
Ohio Public Works Commission #CM08Q	243,617	0%
Ohio Water Development Authority #4324	130,684	0%
Ohio Water Development Authority #4592	97,286	0%
Ohio Public Works Commission #CM24S	191,226	0%
Ohio Public Works Commission #CM21W	391,176	0%
Ohio Public Works Commission #CM21X	<u>102,334</u>	0%
Total	<u>\$1,196,045</u>	

Ohio Public Works Commission (OPWC) loan #CT51F was entered into in 2002, for the purpose of providing revenues for a wastewater treatment plant sludge handling improvement. The 20 year loan is for \$243,683. The Village began making semiannual installments of \$6,737 in 2004, with final maturity in 2024.

Ohio Public Works Commission (OPWC) loan #CM08Q was entered into in 2013, for the purpose of providing revenues for the Auglaize Street Reconstruction. The 30 year loan is for \$311,000. The Village began making semiannual payments of \$5,183 in 2013, with final maturity of 2044.

Ohio Water Development Authority (OWDA) loan #4324 was entered into in 2005, for the purpose of providing revenues for phase II of a wastewater treatment plant sludge handling improvement. The 20 year loan is for \$522,737. The Village began making annual installments of \$26,137 in 2007, with final maturity in 2027.

Village of Ottoville
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Ohio Water Development Authority (OWDA) loan #4592 was entered into in 2006, for the purpose of providing revenues for phase III of a wastewater treatment plant sludge handling improvement. The 20 year loan is for \$353,762. The Village began making semiannual payments of \$8,844 in 2008, with final maturity in 2027.

Ohio Public Works Commission (OPWC) loan #CM24S was entered into in 2016 for the purpose of providing revenues for storm sewer improvements on Bendele Street. The 30 year loan is for \$220,647. The Village began making semiannual installments of \$3,677 in 2017 with final maturity in 2047.

Ohio Public Works Commission (OPWC) loan #CM21W was entered into in 2019 for the purpose of providing revenues for improvements on the storm sewer main line. The 28 year loan is for \$394,060. This project was not completed at December 31, 2021, and no final amortization schedule has been provided by OPWC. Therefore, this loan is not included in the amortization table below.

Ohio Public Works Commission (OPWC) loan #CM21X was entered into in 2021 for the purpose of providing revenues for storm sewer improvements on Max Street. The 20 year loan is for up to \$192,752. As of December 31, 2021, OPWC had disbursed \$102,334 of the total available, and the Village will begin making payments in 2022, with final maturity in 2042.

Financed Purchases

The Village has entered into financed purchases agreements for equipment where ownership of the underlying asset transfers to the Village by the end of the contract. The Village disbursed \$30,466 to pay these costs for the year ended December 31, 2021.

Amortization

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

Year Ending December 31:	OPWC Loans	OWDA Loans	Leases
2022	\$33,754	\$21,913	\$24,481
2023	36,312	43,825	
2024	36,312	43,825	
2025	22,838	43,825	
2026	22,838	43,825	
2027-2031	114,190	30,757	
2032-2036	114,190		
2037-2041	114,190		
2042-2046	75,612		
2047-2050	7,355		
Total	\$577,591	\$227,970	\$24,481

Note 10 – Interfund Transfers

During 2021, the following transfers were made:

Village of Ottoville
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2021
(Continued)

Fund	Amount
General Fund Transfer Out to:	
Street Construction Maintenance and Repair Fund	\$136,373
Police Fund	5,000
Other Capital Projects Fund	280,407
Sewer Reserve Fund	8,000
Water Reserve Fund	4,000
Total	\$433,780

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

Note 11 – Interfund Advances

During 2021, the Village advanced \$386,300 from the General Fund to the Other Capital Projects Fund. This advance was still outstanding as of December 31, 2021.

Note 12 – Compliance

Contrary to Ohio Rev. Code § 5705.10, the Village inappropriately recorded grant receipts and disbursements in the wrong fund.

Note 13 – Fund Balances

The fund balance of Special Revenue Funds is restricted. The fund balance of the Capital Projects Fund is committed.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Village of Ottoville
Putnam County
150 Park Drive
P.O. Box 488
Ottoville, Ohio 45876-0488

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Village of Ottoville, Putnam County, Ohio (the Village) and have issued our report thereon dated October 18, 2023, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2022-001 and 2022-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2022-002.

Village's Response to Findings

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

October 18, 2023

**VILLAGE OF OTTOVILLE
PUTNAM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

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

FINDING NUMBER 2022-001

Material Weakness – Financial Reporting

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

The following errors were identified in the accompanying financial statements and notes to the financial statements:

- In 2022, budgeted receipts in the budgetary activity note to the financial statements did not agree to amounts certified by the County Budget Commission. Budgeted receipts were overstated in the General Fund in the amount of \$39,458.
- In 2022, appropriation authority in the budgetary activity note to the financial statements did not agree to amounts approved by Village Council. Appropriation authority was overstated in the General Fund in the amount of \$38,689.
- In 2022, budgetary expenditures in the budgetary activity note to the financial statements were overstated in the Special Revenue and Enterprise Funds in the amounts of \$47,362 and \$38,755, respectively.
- In 2021, budgeted receipts in the budgetary activity note to the financial statements did not agree to amounts certified by the County Budget Commission. Budgeted receipts were understated in the Special Revenue and Enterprise Funds in the amounts of \$29,033 and \$141,550, respectively, and overstated in the Capital Projects Fund in the amount of \$103,184.
- In 2022 and 2021, principal retirement in the amounts of \$23,818 and \$27,373, respectively, were incorrectly classified as other financing uses in the Street Construction Maintenance and Repair Special Revenue Fund.
- In 2021, advance activity out of the General Fund into the Other Capital Projects Fund was incorrectly classified as transfers in the amount of \$360,000.

These errors were the result of inadequate policies and procedures in reviewing the financial statements and notes to the financial statements. Failure to complete accurate financial statements and notes to the financial statements could lead to Village Council making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these and other immaterial errors ranging from \$428 to \$32,167. In addition to the adjustments noted above, we also identified additional misstatements in the amounts ranging from \$940 to \$7,095 that we have brought to the Village's attention.

The Village should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Council, to help identify and correct errors and omissions.

FINDING NUMBER 2022-002

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.10(D) provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

- In 2022, the Village inappropriately recorded \$32,687 of FEMA grant receipts in the General Fund. Given the source of the revenue, this should have been recorded in a separate Capital Projects Fund.
- In 2021, the Village inappropriately recorded \$23,545 and \$13,663 of CARES Act receipts and disbursements, respectively, in the General Fund. Given the source of the revenue and the purpose of the disbursement, this should have been recorded in the Coronavirus Relief Special Revenue Fund.
- In 2022, the Village inappropriately recorded \$360,000 in loans issued in the General Fund. Given the source of the revenue, this should have been recorded in the Other Capital Projects Fund.

Audit adjustments are reflected in the financial statements and in the accounting records correcting these and other immaterial misstatements in the amounts of \$6,387 and \$26,300.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Village should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

Officials' Response:

The Village has a better understanding of these reporting issues and will make improvements where needed.

Village of Ottoville
P.O. Box 488
150 Park Drive
Ottoville, OH 45876-0488
Phone: (419) 453-3636
Fax: (419) 453-4636
ottoville@villageofottoville.org

Ronald N. Miller
Mayor

Michelle Weyrauch
Fiscal Officer

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2022 AND 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	This finding was first reported in 2006. Material weakness for lack of monitoring of financial transactions resulting in errors in the financial statements.	Not corrected and reissued as Finding 2022-001 in this report.	An effort was made to correct errors in the financial statements. The Village now has a better understanding of the posting and reporting issues and will continue to make improvements where needed.

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF OTTOVILLE

PUTNAM COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/9/2023

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

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