

VILLAGE OF OCTA
FAYETTE COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020



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Village Council
 Village of Octa
 8029 Allen St.
 Washington Courthouse, OH 43160

We have reviewed the *Independent Auditor’s Report* of the Village of Octa, Fayette County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2020 through December 31, 2021. 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.

In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery:

Finding for Recovery Partially Repaid Under Audit

Village of Octa Ordinance O-2017-02 states that the Village Council of Octa has agreed to pay each Council Member \$150 per meeting. During 2020, Council Members were paid for twelve regular meetings and four special meetings, however the December 2020 council meeting was not held, so therefore, Council Members should have been paid for only eleven regular meetings. As a result, the following Council Members were overpaid by \$150 as described in the table below.

Council Member	Correct Pay	Amount Actual Paid	Overpayment
Dianna Anders	\$1,750	\$1,900	\$ 150
Winnie Gregory	1,700	1,850	150
Nathan Caudill	975	1,125	150
Linda Turner	1,750	1,900	150
Michael Turner	1,750	1,900	150
Amanda Wickline	1,550	1,900	150

In accordance with the forgoing facts and pursuant to Ohio Rev. Code §117.28, a Finding for Recovery for public monies illegally expended is hereby issued against the following individuals in the following amounts and in favor of the Village of Octa's General Fund.

Individual	Amount of Finding for Recovery
Dianna Anders	\$ 150
Winnie Gregory	150
Nathan Caudill	150
Linda Turner	150
Michael Turner	150
Amanda Wickline	150
Total	\$ 900

On October 4, 2024, Amanda Wickline paid \$150 to the Village of Octa. Her finding for recovery is repaid in full.

On October 10, 2024, Dianna Anders, Winnie Gregory, Linda Turn, and Michael Turner each paid \$150 to the Village of Octa. Their finding for recoveries are repaid in full.

The Finding for Recovery issued against Nathan Caudill in the amount of \$150 is still outstanding.

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. Ohio Rev. Code § 9.39; Cordray v. Internatl. Preparatory School, 128 Ohio St.3d 50 (2010).

The checks issued to the council members above were authorized by Fiscal Officer Penny Johnson. Ms. Johnson and her bonding company, Travelers Casualty and Surety Company of America, will be jointly and severally liable in the amount of \$150 and in favor of the Village of Octa's General Fund.



Keith Faber
Auditor of State
Columbus, Ohio

October 29, 2024

**Village of Octa
Fayette County**
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For the Years Ended December 31, 2021 and 2020

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Independent Auditor's Report

Village Council
Village of Octa
Fayette County
8029 Allen St NW
Washington Courthouse, Ohio 43160

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Octa, Fayette County, Ohio, (the Village), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020, 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 fund type as of and for the years ended December 31, 2021 and 2020 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, 2021 and 2020, or the changes in financial position 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 (*Government Auditing Standards*). 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.

Emphasis of Matter

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the 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

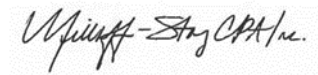
- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 July 5, 2024, 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.



Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

July 5, 2024

**Village of Octa
Fayette 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 Fund	Special Revenue Funds	Capital Projects Fund	Totals (Memorandum Only)
Cash Receipts:				
Property and Other Local Taxes	\$62,679	\$0	\$0	\$62,679
Municipal Income Tax	43,605	0	0	43,605
Intergovernmental	5,257	16,540	0	21,797
Special Assessments	250	250	0	500
Fines, Licenses and Permits	25	0	0	25
Earnings on Investments	142	0	0	142
Miscellaneous	3,318	238	0	3,556
Total Cash Receipts	115,276	17,028	0	132,304
Cash Disbursements:				
Current:				
Security of Persons and Property	3,529	0	0	3,529
Public Health Services	3,850	0	0	3,850
Leisure Time Activities	963	34,644	0	35,607
Transportation	919	1,514	0	2,433
General Government	99,181	0	0	99,181
Capital Outlay	0	8,685	0	8,685
Debt Service:				
Principal Payment	3,460	3,460	0	6,920
Interest and Fiscal Charges	475	475	0	950
Total Cash Disbursements	112,377	48,778	0	161,155
Excess of Receipts Over (Under) Disbursements	2,899	(31,750)	0	(28,851)
Other Financing Receipts (Disbursements):				
Transfers In	0	29,155	0	29,155
Other Financing Sources	24	0	0	24
Transfers Out	(29,155)	0	0	(29,155)
Total Other Financing Receipts (Disbursements)	(29,131)	29,155	0	24
Net Change in Fund Cash Balances	(26,232)	(2,595)	0	(28,827)
Fund Cash Balances, January 1	31,273	15,469	116	46,858
Fund Cash Balances, December 31	\$5,041	\$12,874	\$116	\$18,031

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

Village of Octa
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The Village of Octa, Fayette 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 park operations. The Village contracts with the Fayette County Sheriff's Office to provide security of persons and property. The Village contracts with Jefferson Township to provide fire protection services.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statement consists of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

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 sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The Village had the following significant special revenue funds:

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.

Parks and Recreation Fund – This fund receives donations and grants for the improvement and maintenance of the Village park.

Capital Projects 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.

Basis of Accounting

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

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

Village of Octa
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

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

A summary of the 2021 budgetary activity appears in note 3.

Deposits and Investments

The Village’s accounting basis does not include any investments other than deposits at a commercial bank.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does 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 statement does not include a liability for unpaid leave.

Fund Balance

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

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

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

Committed – Council can commit amounts via formal action (resolution). The Village must adhere to these commitments unless 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. Governmental funds other than the general fund report all fund balances as assigned unless

**Village of Octa
Fayette County**
*Notes to the Financial Statements
For the Year Ended December 31, 2021*

they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State statute.

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 11.

Note 3 – Budgetary Activity

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

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$111,225	\$115,300	\$4,075
Special Revenue	57,100	46,183	(10,917)
Total	\$168,325	\$161,483	(\$6,842)

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$141,532	(\$141,532)
Special Revenue	0	48,778	(48,778)
Total	\$0	\$190,310	(\$190,310)

Note 4 – Deposits

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31, 2021 was as follows:

Demand Deposits	\$18,031
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Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which 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 credit and/or homestead and rollback deductions. The financial statement includes 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.

Village of Octa
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

Income Taxes

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

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

Note 6 – Risk Management

Risk Pool Membership

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

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

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2021:

Cash and Investments	\$41,996,850
Actuarial Liabilities	14,974,099

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Note 8 – Postemployment Benefits

OPERS offers 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

Village of Octa
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2021

allocated to health care for 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.

Note 9 – Debt

Debt outstanding at December 31, 2021 was as follows:

	Principal	Interest Rate
Tractor Note	\$12,469	5.75%

In August 2018, the Village secured a promissory note for \$34,059 at 5.75 percent interest secured by the tractor. The payments are for 60 months at \$655 per month beginning in September 2018.

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

Year Ending December 31:	Tractor Note
2022	\$7,854
2023	5,236
Total	<u>\$13,090</u>

Note 10 – Contingent Liabilities

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

The Village is not currently party to any legal proceedings.

Note 11 – Fund Balances

The fund balance of special revenue funds is either restricted or committed.

Note 12 – Compliance

The Village did not timely pay federal and state taxes, or retirement contributions, nor did it file, timely or otherwise, required tax returns. The Village did not timely adopt annual appropriations, nor did it file appropriations with the County Auditor. The Village had budgetary expenditures in excess of appropriations during the year as well as at year end. The Village was unable to provide various payroll-related documentation and support for other purchases. The Village did not always properly certify the availability of funds.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state ended in April 2023. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. The Village did not receive any COVID-19 funding in 2021.

**Village of Octa
Fayette County**

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

	General Fund	Special Revenue Funds	Capital Projects Fund	Totals (Memorandum Only)
Cash Receipts:				
Property and Other Local Taxes	\$47,376	\$0	\$0	\$47,376
Municipal Income Tax	39,337	0	0	39,337
Intergovernmental	6,485	65,990	0	72,475
Fines, Licenses and Permits	550	0	0	550
Earnings on Investments	240	0	0	240
Miscellaneous	1,401	100	0	1,501
Total Cash Receipts	95,389	66,090	0	161,479
Cash Disbursements:				
Current:				
Security of Persons and Property	3,746	0	0	3,746
Public Health Services	3,850	0	0	3,850
Leisure Time Activities	3,824	30,372	0	34,196
Transportation	1,283	846	0	2,129
General Government	82,160	0	0	82,160
Capital Outlay	0	54,631	0	54,631
Debt Service:				
Principal Payment	3,267	3,267	0	6,534
Interest and Fiscal Charges	668	668	0	1,336
Total Cash Disbursements	98,798	89,784	0	188,582
Excess of Receipts Under Disbursements	(3,409)	(23,694)	0	(27,103)
Other Financing Receipts (Disbursements):				
Transfers In	0	31,165	0	31,165
Transfers Out	(31,165)	0	0	(31,165)
Sale of Fixed Assets	10,618	0	0	10,618
Total Other Financing Receipts (Disbursements)	(20,547)	31,165	0	10,618
Net Change in Fund Cash Balances	(23,956)	7,471	0	(16,485)
Fund Cash Balances, January 1	55,229	7,998	116	63,343
Fund Cash Balances, December 31	\$31,273	\$15,469	\$116	\$46,858

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

Village of Octa
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Village of Octa, Fayette 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 park operations. The Village contracts with the Fayette County Sheriff's Office to provide security of persons and property. The Village contracts with Jefferson Township to provide fire protection services.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statement consists of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

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 sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The Village had the following significant special revenue funds:

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.

Parks and Recreation Fund – This fund receives donations and grants for the improvement and maintenance of the Village park.

Capital Projects 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.

Basis of Accounting

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

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

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

Budgetary Process

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

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

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

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

A summary of the 2020 budgetary activity appears in note 3.

Deposits and Investments

The Village's accounting basis does not include any investments other than deposits at a commercial bank.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does 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 statement does not include a liability for unpaid leave.

Fund Balance

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

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

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

Committed – Council can commit amounts via formal action (resolution). The Village must adhere to these commitments unless 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. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State statute.

Village of Octa
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 11.

Note 3 – Budgetary Activity

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

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$127,615	\$106,007	(\$21,608)
Special Revenue	38,260	97,255	58,995
Total	\$165,875	\$203,262	\$37,387

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$132,425	(\$132,425)
Special Revenue	0	90,032	(90,032)
Total	\$0	\$222,457	(\$222,457)

Note 4 – Deposits

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31, 2020 was as follows:

Demand Deposits	\$46,858
-----------------	----------

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which 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 credit and/or homestead and rollback deductions. The financial statement includes 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.

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

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

Income Taxes

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

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

Note 6 – Risk Management

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

Risk Pool Membership

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

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

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2020:

Cash and Investments	\$40,318,971
Actuarial Liabilities	14,111,510

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Note 8 – Postemployment Benefits

OPERS offers 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

Village of Octa
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2020

and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

Note 9 – Debt

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest Rate
Tractor Note	\$19,389	5.75%

In August 2018, the Village secured a promissory note for \$34,059 at 5.75 percent interest secured by the tractor. The payments are for 60 months at \$655 per month beginning in September 2018.

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

Year Ending December 31:	Tractor Note
2021	\$7,854
2022	7,854
2023	5,236
Total	\$20,944

Note 10 – Contingent Liabilities

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

The Village is not currently party to any legal proceedings.

Note 11 – Fund Balances

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

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$2,462	\$248	\$2,710

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Village of Octa
Fayette County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 12 – Compliance

The Village did not timely pay federal and state taxes, or retirement contributions, nor did it file, timely or otherwise, required tax returns. The Village did not timely adopt annual appropriations, nor did it file appropriations with the County Auditor. The Village had budgetary expenditures in excess of appropriations during the year as well as at year end. The Village was unable to provide various payroll-related documentation and support for other purchases. The Village did not always properly certify the availability of funds.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state ended in April 2023. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The Village did not receive any COVID-19 funding in 2020.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Village Council
Village of Octa
Fayette County
8029 Allen St NW
Washington Courthouse, Ohio 43160

We have audited 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 (*Government Auditing Standards*), the financial statements of the Village of Octa, Fayette County, Ohio, (the Village) as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements and have issued our report thereon dated July 5, 2024, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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 and responses as items 2021-001, 2021-002, and 2021-004 through 2021-008 that we consider to be material weaknesses.

Village of Octa
Fayette County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Page 2

Report on Compliance and Other Matters

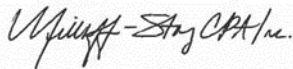
As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2021-002, 2021-003, 2021-005, 2021-007, and 2021-008.

Village's Responses to Findings

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

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Millhuff-Stang, CPA, Inc.
Chillicothe, Ohio

July 5, 2024

**Village of Octa
Fayette County**
*Schedule of Findings and Responses
For the Years Ended December 31, 2021 and 2020*

Findings Related to the Financial Statements Required to be Reported in Accordance With GAGAS

Finding Number 2021-001

Material Weakness – Financial Reporting

A monitoring system by the Village should be in place to prevent or detect misstatements for the accurate presentation of the Village's financial statements. The Village had misclassifications in property and income taxes and intergovernmental revenues, miscellaneous revenues, special assessments, proceeds from sale of assets, debt payments, nonpayroll expenditures, and other financing uses. The Village also posted certain revenues and expenditures to incorrect funds. Additionally, changes were required to properly present note disclosures. The Village should implement additional operating and monitoring procedures to ensure that transactions are properly recorded, that notes are properly presented, and that errors in cash balances are identified and properly and timely addressed.

Client Response:

The Fiscal Officer has been replaced as of May of 2023. Fiscal Officer will monitor transactions more closely to ensure revenues and expenditures are being posted to the correct funds.

Finding Number 2021-002

Noncompliance/Material Weakness – Timely Filing of Taxes Returns and Payment of Payroll Withholdings and Employer Contributions

IRS Publication 15 states that monthly depositors must pay employment taxes by the 15th day of the month following the month of payment to employees.

Ohio Revised Code Section 5747.07(B)(4) states that except as required by divisions (B)(1), (2), and (3) of this section, an employer shall make the payment of undeposited taxes for each calendar quarter during which they were required to be withheld no later than the last day of the month following the last day of March, June, September, and December each year. The employer shall file the return prescribed by the tax commissioner with the payment.

Each employer required to deduct and withhold any tax is liable for the payment of that amount required to be deducted and withheld, whether or not the tax has in fact been withheld, unless the failure to withhold was based upon the employer's good faith in reliance upon the statement of the employee as to liability, and the amount shall be deemed to be a special fund in trust for the general revenue fund.

Ohio Revised Code Section 4141.20(B) states that every contributory employer shall file a quarterly contribution and wage report. The quarterly report shall be filed not later than the last day of the first month following the close of the calendar quarter for which the quarterly report is being filed. The employer shall enter on the quarterly report the total and taxable remuneration paid to all employees during the quarter, the name and social security number of each individual employed during the calendar quarter, the total remuneration paid the individual, the number of weeks during the quarter for which the individual was paid remuneration, and any other information as required by section 1137 of the "Social Security Act."

In case of failure to properly file the quarterly contribution and wage report containing all the required contribution and wage information within the time prescribed by this section, the director shall assess a forfeiture amounting to twenty-five one-hundredths of one percent of the total remuneration reported by the employer, provided such forfeiture shall not be less than fifty nor more than one thousand dollars.

**Village of Octa
Fayette County**
*Schedule of Findings and Responses
For the Years Ended December 31, 2021 and 2020*

Finding Number 2021-002 (Continued)

Noncompliance/Material Weakness – Timely Filing of Taxes Returns and Payment of Payroll Withholdings and Employer Contributions (Continued)

145.51(B) states that except as provided in section 145.52 of the Revised Code, all employer obligations described in division (A) of this section must be received by the public employees retirement system not later than the thirtieth day after the last day of the calendar month for which related member contributions are withheld.

We noted that the Village made late payments of federal taxes, state taxes, and retirement withholdings and contributions. In addition, many quarterly taxes returns throughout the audit period were not filed timely or at all. Additionally, we noted two quarters of state income tax for 2021 that we could not confirm were paid and that the entire 2019 calendar year's tax obligation was paid in 2020, even though quarterly payments had been paid in 2019 and 2020. Lastly, we noted duplicate payments and errors in amounts paid to the Internal Revenue Service. We noted that the Village paid \$24 in penalties and interest in 2020 for late retirement remittances and \$69 in penalties and interest in 2021 for late federal tax remittances. The Village should implement procedures to ensure all payments are made and all returns are filed in a timely manner to avoid the assessment of late penalties/interest. Additionally, the Village should consult with the State Department of Taxation to ensure that there are no balances due to the State due to payments that could not be confirmed, and that amounts identified as overpayments are properly credited or refunded. The Village should also consult with the Internal Revenue Service to ensure that all returns are filed and that payments are applied to the proper year, or refunded as appropriate.

Client Response:

The Fiscal Officer has been replaced as of May of 2023. Mayor now provides supervision to ensure all Payroll Withholding's and Employer Contributions are filed/submitted/paid in a timely matter before the perspective due dates.

Finding Number 2021-003

Noncompliance – Annual Appropriations Measures

Ohio Revised Code Section 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1. Ohio Revised Code Section 5705.38(C) requires the following minimum level of budgetary control for "subdivisions" other than schools: "Appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services." During testing, we noted that neither the 2020 nor the 2021 appropriation measure was adopted timely by the Village nor was either year's measure filed with the County. As stated in Ohio Revised Code Section 5705.39, no appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended certificate. We did not note that temporary measures were passed prior to the adoption of these permanent appropriations. Additionally, the Village adopted its appropriation measures at the fund level, not the required minimum level of control. The Village should implement procedures to ensure appropriation measures are adopted by the required date and at the minimum legal level of control and are then filed with the County Auditor in a timely manner. Additionally, temporary appropriations may be passed on or before January 1 each year until a permanent appropriation measure is approved, if deemed necessary.

**Village of Octa
Fayette County**
*Schedule of Findings and Responses
For the Years Ended December 31, 2021 and 2020*

Finding Number 2021-003 (Continued)

Noncompliance – Annual Appropriations Measures (Continued)

Client Response:

The Fiscal Officer has been replaced as of May of 2023. Any further Appropriation's approved by council at the start of the year, will be submitted to the County Auditor and be reported at a detailed level.

Finding Number 2021-004

Material Weakness – Budgetary Information Within Accounting System

Accurate budgetary information within the Village's accounting system is pertinent to ensure that the Village has accurate and complete information for decision-making processes. Amendments to the budget should be properly documented in the minute record to provide assurance that changes to budgets are authorized by the governing board. During testing of budgetary information within the system, we noted that the amounts within the system did not agree to the appropriations amounts adopted by Village Council or the estimated resources filed with the County Auditor. We also noted that beginning balances per the amended certificate did not agree to prior year audited balances. The Village should implement the appropriate procedures to ensure that all authorized budgetary amendments are properly documented within the minutes record and accurately posted to the system. The Village should also ensure that beginning balances are reconciled when audit adjustments and/or error corrections are posted to the accounting system.

Client Response:

The Fiscal Officer has been replaced as of May of 2023. Appropriation budget approved by council must match what is in the UAN. Any changes to the appropriation budget will now be presented and approved with council.

Finding Number 2021-005

Noncompliance/Material Weakness – Expenditures in Excess of Appropriations

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. Appropriations measures were not adopted timely by the Village for 2020 and 2021, nor were the appropriations filed with the County Auditor for either year. Therefore, all expenditures were deemed noncompliant. The Village should monitor financial activity to ensure that expenditures do not exceed the amount appropriated and that the amount appropriated does not exceed the amount of resources estimated and available. Additionally, the Village should ensure that annual appropriations are adopted timely and filed with the County Auditor by the required date, and prior to expenditure of funds, to ensure compliance with the Ohio Revised Code.

Client Response:

The Fiscal Officer has been replaced as of May of 2023. All appropriations have been sent out the Fayette County Auditor to ensure expenditures were compliant.

Finding Number 2021-006

Material Weakness – Bank Reconciliations

Accurate reconciliation procedures are a key component of an effective accounting system required to enable the Village to properly classify transactions, maintain accountability for funds, distribute funds accurately, and detect fraud and errors in a timely manner.

Village of Octa
Fayette County
Schedule of Findings and Responses
For the Years Ended December 31, 2021 and 2020

Finding Number 2021-006 (Continued)

Material Weakness – Bank Reconciliations (Continued)

The Village had significant other adjusting factors as of December 31, 2020 and 2021. This was due to several receipts and disbursements that were not recorded within the accounting system by the Fiscal Officer. The Village subsequently investigated and identified all variances for the audit period and provided client proposed adjustments for audit.

Without accurate bank reconciliations, Council and management cannot make accurate financial decisions on behalf of the Village. The Village should adopt proper procedures to ensure that, at each month end, bank accounts are properly reconciled to the Village's accounting system. Any discrepancies between the two should be investigated and resolved accordingly. Additionally, for old outstanding retirement and tax postings, the Village should investigate these items to ensure that all withholdings and employer contributions have been paid to the appropriate retirement system and taxing agencies. For other old outstanding items, the Village should investigate these items and resolve them as appropriate.

Client Response:

The Fiscal Officer has been replaced as of May of 2023. All Bank Reconciliation's were corrected and updated in February of 2024. Reconciliation's and UAN adjustments were made for years 2020 – 2023 in order to correctly reconcile. Fiscal Officer is to reconcile the UAN with the bank on a monthly basis in order to stay reconciled. Fiscal Officer is to ensure there are no old outstanding items regularly.

Finding Number 2021-007

Noncompliance/Material Weakness – Supporting Documentation

Ohio Revised Code Section 149.351(A) states that all records are property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under Sections 149.38 to 149.42 of the Revised Code or under the records programs established by the boards of trustees of state-supported institutions of higher education under Section 149.33 of the Revised Code. Such records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, transferred, or destroyed unlawfully.

In testing employee pay, we noted that the Village does not properly document projects worked on employee timesheets. The Village paid its Village employee from both the general fund and the parks and recreation fund. Insufficiently detailed timesheets may lead to unsupported pay from funds other than the general fund. Additionally, the Fiscal Officer did not maintain support for approved pay rates in employee personnel files or document pay rates in the minutes. We also noted instances where the Village paid taxes for incorrect amounts and made duplicate payments. Further, instances were noted where the Village paid Council Members for meetings that were not attended/held. We also noted instances in testing of nonpayroll expenditure for 2020 and 2021 which supporting documentation could not be provided. Reproductions from vendors were obtained or alternate procedures were performed to gain assurances over sampled transactions. Lastly, the Village was unable to locate copies of three income tax returns from our municipal income tax sample.

Village of Octa
Fayette County
Schedule of Findings and Responses
For the Years Ended December 31, 2021 and 2020

Finding Number 2021-007 (Continued)

Noncompliance/Material Weakness – Supporting Documentation (Continued)

We recommend that all employee pay rates or scales and funds should be clearly approved by Council annually and this approval should be detailed in the minutes. Alternatively, the Village should require that employees provide detailed timesheets that support payroll allocations between funds. Additionally, the Village should only compensate officials and employees for time that can be supported by underlying documentation, including attendance records in minutes. Lastly, the Village should implement procedures to ensure that all supporting documentation is maintained and that a proper audit trail is kept.

Client Response:

The Fiscal Officer has been replaced as of May of 2023. Management will re-evaluate employee projects to ensure employees are paid from the proper funds. Fiscal Officer will record any pay rate changes in the Meeting Minutes. Fiscal Officer is to ensure there is documentation with all transactions in order to support transaction's and to prevent an improper audit trail. Fiscal Officer is to document attendance in the meeting minutes for all in attendance, to ensure correct compensation is given to officials and employees. The Village will contact Legal Counsel to find out if Council Members need to pass an ordinance in order to vote to pay and council members who were excused from a monthly meeting. The Village will adjust the process accordingly.

Finding Number 2021-008

Noncompliance/Material Weakness – Prior Certification of Funds

Ohio Revised Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

Village of Octa
Fayette County
Schedule of Findings and Responses
For the Years Ended December 31, 2021 and 2020

Finding Number 2021-008 (Continued)

Noncompliance/Material Weakness – Prior Certification of Funds (Continued)

3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

The Village had unrecorded encumbrances for both years, but amounts were deemed immaterial and adjustments to note disclosures were waived. We also noted invoice dates preceding purchase order dates.

The Village should adopt procedures to ensure that there are no unrecorded encumbrances at year-end. Additionally, the Fiscal Officer should certify the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that indicate the certification language Section 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Client Response:

The Fiscal Officer has been replaced as of May of 2023. All Purchase Order's, Blanket Certificate's, Super Blanket Certificate's, Then and Now's and Invoices are now implemented properly and accurately.

**Village of Octa
Fayette County**
*Schedule of Prior Audit Findings
For the Years Ended December 31, 2021 and 2020*

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2019-001	Material Weakness – Financial Reporting	No	Reissued as Finding 2021-001
2019-002	Noncompliance/Material Weakness – Proper Public Purpose	No	Reissued in Management Letter
2019-003	Noncompliance – Annual Appropriations Measures	No	Reissued as Finding 2021-003
2019-004	Material Weakness – Budgetary Information Within Accounting System	No	Reissued as Finding 2021-004
2019-005	Noncompliance/Material Weakness – Expenditures in Excess of Appropriations	No	Reissued as Finding 2021-005
2019-006	Material Weakness – Bank Reconciliations	No	Reissued as Finding 2021-006
2019-007	Noncompliance/Material Weakness – Supporting Documentation	No	Reissued as Finding 2021-007
2019-008	Noncompliance/Material Weakness – State of Ohio Income Tax	No	Reissued, in Part, as Finding 2021-002
2019-009	Noncompliance/Material Weakness – Credit Cards	Yes	
2019-010	Noncompliance/Material Weakness – Prior Certification of Funds	No	Reissued as Finding 2021-008
2019-011	Noncompliance – Conflicts of Interest	Yes	
2019-012	Noncompliance/Material Weakness – Timely Payment of Payroll Withholdings and Employer Contributions	No	Reissued as Finding 2021-002

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF OCTA

FAYETTE 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 11/7/2024

65 East State 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