





**VILLAGE OF OTTOVILLE  
PUTNAM COUNTY  
DECEMBER 31, 2020 AND 2019**

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# OHIO AUDITOR OF STATE KEITH FABER



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## 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 Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Ottoville, Putnam County, Ohio (the Village).

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using 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), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***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* paragraph, the financial statements referred to above 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, 2020 and 2019, and the respective changes in financial position or cash flows thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 12 to the 2020 financial statements and Note 11 to the 2019 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2021, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

September 14, 2021

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**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, 2020**

|   | General          | Special<br>Revenue | Capital<br>Projects | Totals<br>(Memorandum<br>Only) |
|---|------------------|--------------------|---------------------|--------------------------------|
| <b>Cash Receipts</b>                                  |                  |                    |                     |                                |
| Property and Other Local Taxes                        | \$61,721         | \$61,901           |                     | \$123,622                      |
| Municipal Income Tax                                  | 465,880          |                    |                     | 465,880                        |
| Intergovernmental                                     | 51,312           | 222,699            | \$100,000           | 374,011                        |
| Charges for Services                                  | 42,817           |                    |                     | 42,817                         |
| Fines, Licenses and Permits                           | 1,562            | 2,937              |                     | 4,499                          |
| Earnings on Investments                               | 4,263            | 162                |                     | 4,425                          |
| Miscellaneous   | 34,532           | 5,670              |                     | 40,202                         |
| <i>Total Cash Receipts</i>                            | <u>662,087</u>   | <u>293,369</u>     | <u>100,000</u>      | <u>1,055,456</u>               |
| <b>Cash Disbursements</b>                             |                  |                    |                     |                                |
| Current:  |                  |                    |                     |                                |
| Security of Persons and Property                      | 157,306          | 122,768            |                     | 280,074                        |
| Transportation  | 4,962            | 197,538            |                     | 202,500                        |
| General Government                                    | 185,605          | 2,259              |                     | 187,864                        |
| Capital Outlay  | 74,245           | 55,292             | 576,806             | 706,343                        |
| Debt Service:   |                  |                    |                     |                                |
| Principal Retirement                                  | 8,860            | 26,708             |                     | 35,568                         |
| Interest and Fiscal Charges                           |                  | 1,936              |                     | 1,936                          |
| <i>Total Cash Disbursements</i>                       | <u>430,978</u>   | <u>406,501</u>     | <u>576,806</u>      | <u>1,414,285</u>               |
| <i>Excess of Receipts Over (Under) Disbursements</i>  | <u>231,109</u>   | <u>(113,132)</u>   | <u>(476,806)</u>    | <u>(358,829)</u>               |
| <b>Other Financing Receipts (Disbursements)</b>       |                  |                    |                     |                                |
| Loan Proceeds   |                  |                    | 391,176             | 391,176                        |
| Transfers In  |                  | 135,000            | 82,000              | 217,000                        |
| Transfers Out   | (229,000)        |                    |                     | (229,000)                      |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(229,000)</u> | <u>135,000</u>     | <u>473,176</u>      | <u>379,176</u>                 |
| <i>Net Change in Fund Cash Balances</i>               | 2,109            | 21,868             | (3,630)             | 20,347                         |
| <i>Fund Cash Balances, January 1</i>                  | <u>846,581</u>   | <u>58,326</u>      | <u>9,287</u>        | <u>914,194</u>                 |
| <i>Fund Cash Balances, December 31</i>                | <u>\$848,690</u> | <u>\$80,194</u>    | <u>\$5,657</u>      | <u>\$934,541</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, 2020*

|   | Proprietary Fund Type |
|---|-----------------------|
|   | Enterprise            |
| <b>Operating Cash Receipts</b>                      |                       |
| Charges for Services                                | \$423,970             |
| Miscellaneous                                       | 77                    |
|   | 424,047               |
| <i>Total Operating Cash Receipts</i>                | <i>424,047</i>        |
| <b>Operating Cash Disbursements</b>                 |                       |
| Personal Services                                   | 87,047                |
| Fringe Benefits                                     | 29,980                |
| Contractual Services                                | 138,087               |
| Supplies and Materials                              | 49,285                |
| Other   | 3,300                 |
|   | 307,699               |
| <i>Total Operating Cash Disbursements</i>           | <i>307,699</i>        |
| <i>Operating Income</i>                             | <i>116,348</i>        |
| <b>Non-Operating Receipts (Disbursements)</b>       |                       |
| Earnings on Investments                             | 184                   |
| Capital Outlay                                      | (2,068)               |
| Principal Retirement                                | (50,298)              |
| Interest and Other Fiscal Charges                   | (264)                 |
| Other Financing Uses                                | (1,785)               |
|   | (54,231)              |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <i>(54,231)</i>       |
| <i>Income Before Transfers</i>                      | <i>62,117</i>         |
| Transfers In  | 12,000                |
|   | 74,117                |
| <i>Net Change in Fund Cash Balances</i>             | <i>74,117</i>         |
| <i>Fund Cash Balances, January 1</i>                | <i>246,203</i>        |
| <i>Fund Cash Balances, December 31</i>              | <i>\$320,320</i>      |

*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, 2020*

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**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 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.

***Coronavirus Relief Fund*** This fund received federal grant funds to supplement Village operations during the coronavirus pandemic.

***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 a grant and loan from the Ohio Public Works Commission for the Village's storm sewer project as well as transfers from the General Fund to fund this project.

***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:

**Village of Ottoville**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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

**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. 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 2020 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, 2020*  
*(Continued)*

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**Fund Balance**

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

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

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Note 3 – Budgetary Activity**

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

| Fund Type        | 2020 Budgeted vs. Actual Receipts |                    | Variance    |
|------------------|-----------------------------------|--------------------|-------------|
|                  | Budgeted<br>Receipts              | Actual<br>Receipts |             |
| General          | \$675,185                         | \$662,087          | (\$13,098)  |
| Special Revenue  | 380,209                           | 428,369            | 48,160      |
| Capital Projects | 761,579                           | 573,176            | (188,403)   |
| Enterprise       | 466,100                           | 436,231            | (29,869)    |
| Total            | \$2,283,073                       | \$2,099,863        | (\$183,210) |

**Village of Ottoville**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

| 2020 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|---|----------------------------|---------------------------|-----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General   | \$921,943                  | \$660,451                 | \$261,492 |
| Special Revenue                                       | 408,473                    | 407,089                   | 1,384     |
| Capital Projects                                      | 747,910                    | 576,806                   | 171,104   |
| Enterprise  | 488,695                    | 362,542                   | 126,153   |
| Total   | \$2,567,021                | \$2,006,888               | \$560,133 |

**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. A summary of the Village's deposit accounts are as follows:

|                         |                   |
|-------------------------|-------------------|
| Demand deposits         | 2020<br>\$962,170 |
| Certificates of deposit | 292,691           |
| Total deposits          | \$1,254,861       |

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Village is holding \$1,489 in unremitted employee 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, 2020*  
*(Continued)*

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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.

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

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

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

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://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, 2020

**Village of Ottoville**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

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**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, 2020.

**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, 2020.

**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 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4 percent during calendar year 2020. 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, 2020 was as follows:

|  | Principal   | Interest Rate |
|--|-------------|---------------|
| Ohio Public Works Commission #CT51F    | \$46,228    | 1%            |
| Ohio Public Works Commission #CM08Q    | 248,799     | 0%            |
| Ohio Water Development Authority #4324 | 156,821     | 0%            |
| Ohio Water Development Authority #4592 | 114,974     | 0%            |
| Ohio Public Works Commission #CM24S    | 194,904     | 0%            |
| Ohio Public Works Commission #CM21W    | 391,176     | 0%            |
| Total                                  | \$1,152,902 |               |

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, 2020*  
*(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. This project was not completed at December 31, 2020, and no final amortization schedule has been provided by OPWC. Therefore and this loan is not included in the amortization table below.

**Leases**

The Village leases equipment under noncancelable leases. The Village disbursed \$30,430 in lease payments for the year ended December 31, 2020.

**Amortization**

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

| Year Ending<br>December 31: | OPWC<br>Loans | OWDA<br>Loans | Leases   |
|-----------------------------|---------------|---------------|----------|
| 2021                        | \$20,781      | \$21,913      | \$30,430 |
| 2022                        | 31,195        | 43,825        | 24,481   |
| 2023                        | 31,228        | 43,825        |          |
| 2024                        | 31,162        | 43,825        |          |
| 2025                        | 17,722        | 43,825        |          |
| 2026-2030                   | 88,610        | 74,582        |          |
| 2031-2035                   | 88,610        |               |          |
| 2036-2040                   | 88,605        |               |          |
| 2041-2045                   | 78,239        |               |          |
| 2046-2047                   | 14,710        |               |          |
| Total                       | \$490,862     | \$271,795     | \$54,911 |

**Village of Ottoville**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*  
*(Continued)*

**Note 10 – Interfund Transfers**

During 2020, the following transfers were made:

| Fund  | Amount    |
|---|-----------|
| General Fund Transfer Out to:                   |           |
| Street Construction Maintenance and Repair Fund | \$130,000 |
| Police Fund                                     | 5,000     |
| Other Capital Projects Fund                     | 82,000    |
| Sewer Reserve Fund                              | 8,000     |
| Water Reserve Fund                              | 4,000     |
| Total   | \$229,000 |

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 – Fund Balances**

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

| Fund Balances            | General | Special<br>Revenue | Total   |
|--------------------------|---------|--------------------|---------|
| Outstanding Encumbrances | \$473   | \$588              | \$1,061 |

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

**Note 12 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. In addition, the impact on the Village’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**Note 13 – Change in Accounting Principle**

For 2020, the Village has made a change to their cash basis reporting model. This change includes removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

**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, 2019*

|   | General          | Special<br>Revenue | Capital<br>Projects | Totals<br>(Memorandum<br>Only) |
|---|------------------|--------------------|---------------------|--------------------------------|
| <b>Cash Receipts</b>                                  |                  |                    |                     |                                |
| Property and Other Local Taxes                        | \$69,182         | \$35,281           |                     | \$104,463                      |
| Municipal Income Tax                                  | 512,672          |                    |                     | 512,672                        |
| Intergovernmental                                     | 54,047           | 66,942             |                     | 120,989                        |
| Charges for Services                                  | 37,677           |                    |                     | 37,677                         |
| Fines, Licenses and Permits                           | 613              | 1,125              |                     | 1,738                          |
| Earnings on Investments                               | 5,046            | 102                |                     | 5,148                          |
| Miscellaneous   | 16,585           | 5,538              |                     | 22,123                         |
| <i>Total Cash Receipts</i>                            | <u>695,822</u>   | <u>108,988</u>     |                     | <u>804,810</u>                 |
| <b>Cash Disbursements</b>                             |                  |                    |                     |                                |
| Current:  |                  |                    |                     |                                |
| Security of Persons and Property                      | 255,330          | 15,478             |                     | 270,808                        |
| Transportation  | 13,923           | 210,634            |                     | 224,557                        |
| General Government                                    | 191,987          |                    |                     | 191,987                        |
| Capital Outlay  |                  | 46,637             | \$27,145            | 73,782                         |
| Debt Service:   |                  |                    |                     |                                |
| Principal Retirement                                  | 17,722           | 26,098             |                     | 43,820                         |
| Interest and Fiscal Charges                           |                  | 2,547              |                     | 2,547                          |
| <i>Total Cash Disbursements</i>                       | <u>478,962</u>   | <u>301,394</u>     | <u>27,145</u>       | <u>807,501</u>                 |
| <i>Excess of Receipts Over (Under) Disbursements</i>  | <u>216,860</u>   | <u>(192,406)</u>   | <u>(27,145)</u>     | <u>(2,691)</u>                 |
| <b>Other Financing Receipts (Disbursements)</b>       |                  |                    |                     |                                |
| Transfers In  |                  | 195,000            |                     | 195,000                        |
| Transfers Out   | (207,000)        |                    |                     | (207,000)                      |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(207,000)</u> | <u>195,000</u>     |                     | <u>(12,000)</u>                |
| <i>Net Change in Fund Cash Balances</i>               | 9,860            | 2,594              | (27,145)            | (14,691)                       |
| <i>Fund Cash Balances, January 1</i>                  | <u>836,721</u>   | <u>55,732</u>      | <u>36,432</u>       | <u>928,885</u>                 |
| <b>Fund Cash Balances, December 31</b>                |                  |                    |                     |                                |
| Restricted  |                  | 57,792             |                     | 57,792                         |
| Committed   |                  |                    | 9,287               | 9,287                          |
| Assigned  | 256,640          | 534                |                     | 257,174                        |
| Unassigned  | 589,941          |                    |                     | 589,941                        |
| <i>Fund Cash Balances, December 31</i>                | <u>\$846,581</u> | <u>\$58,326</u>    | <u>\$9,287</u>      | <u>\$914,194</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, 2019

|   | Proprietary Fund Type |
|---|-----------------------|
|   | Enterprise            |
| <b>Operating Cash Receipts</b>                      |                       |
| Charges for Services                                | \$418,356             |
| Miscellaneous                                       | 417                   |
| <i>Total Operating Cash Receipts</i>                | 418,773               |
| <b>Operating Cash Disbursements</b>                 |                       |
| Personal Services                                   | 107,414               |
| Fringe Benefits                                     | 40,171                |
| Contractual Services                                | 90,609                |
| Supplies and Materials                              | 42,413                |
| Other   | 825                   |
| <i>Total Operating Cash Disbursements</i>           | 281,432               |
| <i>Operating Income</i>                             | 137,341               |
| <b>Non-Operating Receipts (Disbursements)</b>       |                       |
| Earnings on Investments                             | 286                   |
| Principal Retirement                                | (56,675)              |
| Interest and Other Fiscal Charges                   | (623)                 |
| Other Financing Uses                                | (1,785)               |
| <i>Total Non-Operating Receipts (Disbursements)</i> | (58,797)              |
| <i>Income Before Transfers</i>                      | 78,544                |
| Transfers In  | 12,000                |
| <i>Net Change in Fund Cash Balances</i>             | 90,544                |
| <i>Fund Cash Balances, January 1</i>                | 155,659               |
| <i>Fund Cash Balances, December 31</i>              | \$246,203             |

*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, 2019*

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**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 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.

***Police Fund*** This fund receives property tax receipts for providing police services to the residents of 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 is used for major projects in the Village, such as the storm sewer project, which is funded by transfers from the General Fund.

***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 located within the Village.

**Village of Ottoville**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

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**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. 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 2019 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, 2019*  
*(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 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.

***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.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

| 2019 Budgeted vs. Actual Receipts |                      |                    |             |
|-----------------------------------|----------------------|--------------------|-------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance    |
| General                           | \$744,780            | \$695,822          | (\$48,958)  |
| Special Revenue                   | 336,384              | 303,988            | (32,396)    |
| Capital Projects                  | 622,864              |                    | (622,864)   |
| Enterprise                        | 397,000              | 431,059            | 34,059      |
| Total                             | \$2,101,028          | \$1,430,869        | (\$670,159) |

**Village of Ottoville**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

| 2019 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |                  |
|---|----------------------------|---------------------------|------------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance         |
| General   | \$905,828                  | \$686,364                 | \$219,464        |
| Special Revenue                                       | 341,358                    | 301,960                   | 39,398           |
| Capital Projects                                      | 627,960                    | 27,145                    | 600,815          |
| Enterprise  | 410,917                    | 341,319                   | 69,598           |
| Total   | <u>\$2,286,063</u>         | <u>\$1,356,788</u>        | <u>\$929,275</u> |

**Note 4 – Deposits**

The Village maintains a deposits pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follow:

|                         |                    |
|-------------------------|--------------------|
|                         | <u>2019</u>        |
| Demand deposits         | \$869,777          |
| Certificates of deposit | 290,620            |
| Total deposits          | <u>\$1,160,397</u> |

***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.

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.



**Village of Ottoville**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

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**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.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

|                 |                      |
|-----------------|----------------------|
| Assets          | \$ 15,920,504        |
| Liabilities     | <u>( 11,329,011)</u> |
| Members' Equity | <u>\$ 4,591,493</u>  |

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://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, 2019

***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, 2019.

**Village of Ottoville**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

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**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, 2019.

**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 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4 percent during calendar year 2019. 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, 2019 was as follows:

|  | Principal | Interest Rate |
|--|-----------|---------------|
| Ohio Public Works Commission #CT51F    | \$52,701  | 1%            |
| Ohio Public Works Commission #CM08Q    | 253,982   | 0%            |
| Ohio Water Development Authority #4324 | 182,958   | 0%            |
| Ohio Water Development Authority #4592 | 132,662   | 0%            |
| Ohio Public Works Commission #CM24S    | 198,581   | 0%            |
| Total                                  | \$820,884 |               |

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.

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.

**Village of Ottoville**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

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.

**Leases**

The Village leases equipment under noncancelable leases. The Village disbursed \$30,430 in lease payments for the year ended December 31, 2019.

**Amortization**

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

| Year Ending<br>December 31: | OPWC<br>Loans | OWDA<br>Loans | Leases   |
|-----------------------------|---------------|---------------|----------|
| 2020                        | \$20,781      | \$21,913      | \$30,430 |
| 2021                        | 31,195        | 43,825        | 30,430   |
| 2022                        | 31,195        | 43,825        | 24,481   |
| 2023                        | 31,195        | 43,825        |          |
| 2024                        | 24,459        | 43,825        |          |
| 2025-2029                   | 88,610        | 118,407       |          |
| 2030-2034                   | 88,610        |               |          |
| 2035-2039                   | 88,606        |               |          |
| 2040-2044                   | 83,422        |               |          |
| 2045-2047                   | 18,387        |               |          |
| Total                       | \$506,460     | \$315,620     | \$85,341 |

**Note 10 – Interfund Transfers**

During 2019, the following transfers were made:

| Fund  | Amount    |
|---|-----------|
| General Fund Transfer Out to:                   |           |
| Street Construction Maintenance and Repair Fund | \$150,000 |
| Police Fund                                     | 45,000    |
| Sewer Reserve Fund                              | 8,000     |
| Water Reserve Fund                              | 4,000     |
| Total   | \$207,000 |

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.

**Village of Ottoville**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(Continued)*

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**Note 11 – Subsequent Event**

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

# OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Ottoville, Putnam County, Ohio (the Village) and have issued our report thereon dated September 14, 2021, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

September 14, 2021

**VILLAGE OF OTTOVILLE  
PUTNAM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019**

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|--|

**FINDING NUMBER 2020-001**

**Material Weakness – Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 (codified as GASB Cod 1800.165-.179) requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources.

The following errors were identified in the accompanying financial statements:

- In 2020 and 2019, lease payments in the amounts of \$26,708 and \$26,098, respectively, were incorrectly classified as other financing uses instead of principal retirement in the Street Construction Maintenance and Repair Fund.
- In 2020, intergovernmental revenue and security of persons and property disbursements were overstated in the General Fund in the amount of \$76,682.
- In 2019, General Fund subsequent year appropriations and outstanding encumbrances in excess of estimated receipts were incorrectly classified as unassigned, committed, and restricted in the amounts of \$235,798, \$439, and \$20,403, respectively, instead of assigned fund balance in the amount \$256,640.
- Committed fund balance within the Capital Projects Fund in the amount of \$9,287 was incorrectly classified as restricted in 2019.
- In 2020, 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 Capital Projects and Enterprise Funds in the amounts of \$166,331 and \$29,970, respectively.
- In 2020, appropriation authority in the budgetary activity note to the financial statements did not agree to amounts approved by Village Council. Appropriation authority was understated in the Capital Projects and Enterprise Funds in the amounts of \$166,331 and \$23,761, respectively.
- In 2019, Budgeted Receipts and appropriation authority in the budgetary activity note to the financial statements did not agree to amounts certified by the County Budget Commission and amounts approved by Village Council. Budgeted receipts and appropriation authority were both understated in the Capital Projects Fund in the amount of \$494,060.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. Failure to complete accurate 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 errors. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$65 to \$19,755 that we have brought to the Village's attention.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Clerk-Treasurer and the audit committee, to help identify and correct errors and omissions.

**Officials' Response:**

We did not receive a response from Officials to the finding reported above.

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*ottoville@villageofottoville.org*

*Ronald N. Miller*  
*Mayor*

*Jeanne M. Wannemacher*  
*Fiscal Officer*

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**DECEMBER 31, 2020 AND 2019**

| <b>Finding Number</b> | <b>Finding Summary</b>  | <b>Status</b>  | <b>Additional Information</b>   |
|-----------------------|---|--|---|
| 2018-001              | 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 2020-001 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. |
| 2018-002              | This finding was first reported in 2017. Material weakness and noncompliance with Ohio Rev. Code § 5705.10(F) for posting proceeds from the sale of land in the wrong fund. | Corrective action taken and finding is fully corrected.        |   |



# 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 9/28/2021**

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

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