

Village of Octa

Fayette County

January 1, 2010 through December 31, 2011

Years Audited Under GAGAS: 2011 and 2010



Caudill & Associates, CPA

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Dave Yost • Auditor of State

Village Council
Village of Octa
P.O. Box 63
Milledgeville, Ohio 43132

We have reviewed the *Independent Auditor's Report* of the Village of Octa, Fayette County, prepared by Caudill & Associates, CPAs, for the audit period January 1, 2010 through December 31, 2011. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

February 26, 2013

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Village of Octa
Fayette County
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For the Years Ended December 31, 2011 and 2010

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Independent Auditor's Report

Village of Octa
Fayette County
P.O. Box 63
Milledgeville, Ohio 43132

To the Village Council:

We have audited the accompanying financial statements of Village of Octa, Fayette County (the Village), for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2011 and 2010, or its changes in financial position for the years then ended.

Village of Octa
Fayette County
Independent Auditor's Report

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and the reserved for encumbrance in 2010, as of December 31, 2011 and 2010, of Village of Octa, Fayette County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 10, during 2011, Village of Octa adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2012, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Caudill & Associates, CPA

Caudill & Associates, CPA
December 22, 2012

Village of Octa
Fayette County
Combined Statement of Cash Receipts, Cash Disbursements and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2011

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and Other Taxes	\$ 32,828	\$ -	\$ -	\$ -	\$ 32,828
Municipal Income Tax	33,849	-	-	-	33,849
Intergovernmental	2,810	6,075	-	-	8,885
Fines, Licenses and Permits	1,081	-	-	-	1,081
Earnings on Investments	109	11	-	-	120
Miscellaneous	1,538	550	-	-	2,088
Total Cash Receipts	72,215	6,636	-	-	78,851
Cash Disbursements:					
Current:					
Security of Persons and Property	6,488	-	-	-	6,488
Public Health Services	-	-	-	-	-
Leisure Time Activities	1,380	6,266	-	-	7,646
Community Environment	1,384	-	-	-	1,384
Basic Utility Services	4,699	-	-	-	4,699
Transportation	1,713	3,293	-	-	5,006
General Government	51,153	3,666	-	-	54,819
Capital Outlay	4,693	4,678	-	-	9,371
Debt Service:					
Principal Payment	1,856	192	-	-	2,048
Interest and Fiscal Charges	315	1,030	-	-	1,345
Total Cash Disbursements	73,681	19,125	-	-	92,806
Total Receipts Over/(Under) Disbursements	(1,466)	(12,489)	-	-	(13,955)
Other Financing Sources/(Uses):					
Sale of Assets	1,000	-	-	-	1,000
Transfers In	-	622	-	-	622
Transfers Out	(622)	-	-	-	(622)
Debt Proceeds	-	20,000	-	-	20,000
Total Other Financing Sources/(Uses):	378	20,622	-	-	21,000
Receipts and Other Financing Sources Over/ (Under) Disbursements and Other Financing Uses	(1,088)	8,133	-	-	7,045
Fund Cash Balances, January 1	3,415	13,157	9	115	16,696
Fund Cash Balances, December 31					
Restricted	-	21,290	9	115	21,414
Unassigned (Deficit)	2,327	-	-	-	2,327
Fund Cash Balances, December 31	\$ 2,327	\$ 21,290	\$ 9	\$ 115	\$ 23,741

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

Village of Octa
Fayette County
Combined Statement of Cash Receipts, Cash Disbursements and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2010

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and Other Taxes	\$ 33,493	\$ -	\$ -	\$ -	\$ 33,493
Municipal Income Tax	41,401	-	-	-	41,401
Intergovernmental	3,087	3,234	-	-	6,321
Earnings on Investments	191	42	-	-	233
Miscellaneous	1,353	15,355	-	-	16,708
Total Cash Receipts	79,525	18,631	-	-	98,156
Cash Disbursements:					
Current:					
Security of Persons and Property	2,626	-	-	-	2,626
Public Health Services	-	-	-	-	-
Leisure Time Activities	407	10,346	-	-	10,753
Community Environment	163	-	-	-	163
Basic Utility Services	6,476	-	-	-	6,476
Transportation	2,075	1,867	-	-	3,942
General Government	62,336	4,765	-	-	67,101
Capital Outlay	-	1,575	-	-	1,575
Debt Service:					
Principal Payment	3,895	-	-	-	3,895
Interest and Fiscal Charges	536	-	-	-	536
Total Cash Disbursements	78,514	18,553	-	-	97,067
Total Receipts Over/(Under) Disbursements	1,011	78	-	-	1,089
Other Financing Sources/(Uses):					
Transfers In	-	7,661	-	-	7,661
Transfers Out	(7,661)	-	-	-	(7,661)
Total Other Financing Sources/(Uses):	(7,661)	7,661	-	-	-
Receipts and Other Financing Sources Over/ (Under) Disbursements and Other Financing Uses	(6,650)	7,739	-	-	1,089
Fund Cash Balances, January 1	10,065	5,418	9	115	15,607
Fund Cash Balances, December 31	\$ 3,415	\$ 13,157	\$ 9	\$ 115	\$ 16,696
Reserve for Encumbrances, December 31	\$ 710	-	-	-	\$ 710

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

**VILLAGE OF OCTA
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Octa, Fayette County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village contracts with the Fayette County Sheriff's department to provide security of persons and property. The Village contracts with Jefferson Township, Fayette County, to provide fire protection services.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

C. Cash and Investments

The Village invests all available funds in an interest-bearing checking account with a local commercial bank.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

**VILLAGE OF OCTA
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

2. Special Revenue Funds (Continued)

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

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects.

4. Debt Service Fund

This fund accounts for resources the Village accumulates to pay bond and note debt. The Village has one debt service fund with no activity during the audit period.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. 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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. 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 also approve estimated resources.

3. 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 2011 and 2010 budgetary activity appears in Note 3.

VILLAGE OF OCTA
FAYETTE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

F. Fund Balance

For December 31, 2011, 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:

1. Nonspendable

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

2. 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.

3. 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.

4. 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.

5. 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.

**VILLAGE OF OCTA
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

G. Property, Plant, and Equipment

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

H. 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.

2. Equity in Pooled Deposits and Investments

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

	2011	2010
Demand deposits	\$23,741	\$16,696

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$78,260	\$73,215	(\$5,045)
Special Revenue	21,145	27,258	6,113
Total	\$99,405	\$100,473	\$1,068

**VILLAGE OF OCTA
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. Budgetary Activity (Continued)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$77,820	\$74,303	\$3,517
Special Revenue	47,472	19,125	28,347
Total	\$125,292	\$93,428	\$31,864

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$94,590	\$79,525	(\$15,065)
Special Revenue	22,450	26,292	3,842
Total	\$117,040	\$105,817	(\$11,223)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$86,465	\$86,885	(\$420)
Special Revenue	26,225	18,553	7,672
Total	\$112,690	\$105,438	\$7,252

4. Property Tax

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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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
DECEMBER 31, 2011 AND 2010
(Continued)**

5. Local Income Tax

The Village levies a municipal income tax of 1% on substantially all earned income arising from employment, residency, or business activities with 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.

6. Debt

Debt outstanding at December 31, 2011 was as follows:

	Principal	Interest Rate
Building Note	19,807	6%
Total	\$19,807	

The commercial note that was issued for the purchase of a truck on July 7, 2006 was paid in full on June 28, 2011.

In November 2011, the Village secured a promissory note for \$20,000 at 6% interest secured by land. The payments are for 84 months at \$292.97 per month beginning December 2011.

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

Year ending December 31:	Principal	Interest
2012	\$2,391	\$112
2013	2,540	976
2014	2,697	819
2015	2,863	653
2016	3,040	476
2017-2018	6,276	379
Total	\$19,807	\$3,415

**VILLAGE OF OCTA
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

7. Retirement Systems

Employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2011.

8. Risk Management

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles; and
- Errors and omissions.

9. Related Parties

In 2011 and 2010, Sherry Newton served as Mayor. Sherry Newton is the wife of Councilman Bobby Newton.

10. Change In Accounting Principles

For 2011, the Village implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on actual fund balances.

11. Compliance

- A. Contrary to Ohio Rev. Code Section 5705.36(A)(2), the Village had appropriations in excess of available resources for 2011 in the General Fund and Park fund.
- B. Contrary to Ohio Rev. Code Section 5705.39, the Village had appropriations in excess of estimated resources in the Park fund in 2011.

12. Miscellaneous Receipts

Miscellaneous Receipts of both General and the Special Revenue funds are comprised of payments made to the Village for refunds, reimbursements, insurance proceeds and the sale of fire wood and ground fill. In 2010, the Village received insurance proceeds in the amount of \$12,725 for damages. The Village recorded this into Parks and Recreation Fund as Miscellaneous Revenue.



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Independent Auditor's 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*

Village of Octa
Fayette County
P.O. Box 63
Milledgeville, Ohio 43132

To the Village Council:

We have audited the financial statements of the Village of Octa, Fayette County, Ohio, (the Village), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated December 22, 2012, wherein we noted the Village adopted Governmental Accounting Standards Board Statement No. 54 (GASB 54) in 2011. The Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings and responses we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

Village of Octa
Fayette County

Independent Auditor's 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 (Continued)

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 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 timely corrected. We consider finding 2011-003 described in the accompanying schedule of findings and responses 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings and responses as items 2011-001 through 2011-002.

We did note a certain matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated December 22, 2012.

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

Caudill & Associates, CPA

Caudill & Associates, CPA

December 22, 2012

**Village of Octa
Fayette County**
*Schedule of Findings and Responses
For the Years Ended December 31, 2011 and 2010*

Findings Related to the Financial Statements Required to be Reported in Accordance With GAGAS
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Finding Number 2011-001

Noncompliance – Appropriations in Excess of Available Resources

Ohio Revised Code Section 5705.36(A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. Ohio Revised Code Section 5705.36(A)(4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

During 2011, appropriations exceeded available resources in the General Fund and Park Fund. Failure to properly monitoring budgetary information subjects the Village to the risk of spending in excess of available resources. The Village should implement monitoring procedures to ensure that budgetary information is amended as necessary to ensure that overspending does not occur and obtain a reduced certificate of estimated resources when it is determined that actual receipts will be less than estimated causing available resources to fall below the current level of appropriations.

Client Response:

The Village chose not to respond.

Finding Number 2011-002

Noncompliance Citation – Ohio Rev. Code Section 5705.39

The Ohio Revised Code Section 5705.39 requires that total appropriations from each fund shall not exceed the total estimated resources.

Appropriating funds in excess of amended certificates may lead to expenditures in excess of available fund balances.

In fiscal year 2011, appropriations for the Park Fund exceeded its estimated resources.

The Village should implement procedures to monitor its budget for each fund and appropriate funds only to the extent of their estimated resources.

Village's Response:

The Village chose not to respond.

**Village of Octa
Fayette County**
*Schedule of Findings and Responses
For the Years Ended December 31, 2011 and 2010*

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

Finding Number 2011-003

Material Weakness – Misclassification of Receipts and Disbursements

The AICPA establishes auditing standards generally accepted in the United States that certified public accountants and government auditors must follow in conducting audits of state and local governments. SAS No. 115 establishes standards, responsibilities and guidance for auditors during a financial statement audit engagement for identifying and evaluating a client’s internal control over financial reporting. This standard requires the auditor to report *in writing* to management and the governing body any control deficiencies found during the audit that are considered significant deficiencies and/or material weaknesses.

During 2011, the Village erroneously posted Debt proceeds and disbursements to incorrect line items. This required reclassifications and adjustments to properly present the financial activity of the Village in 2011. The Village should implement control procedures related to financial reporting that enable management to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes.

Client Response:

The Village chose not to respond.

**Village of Octa
Fayette County**
*Schedule of Prior Audit Findings
For the Years Ended December 31, 2011 and 2010*

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2009-001	Noncompliance - ORC 5705.41(D)	Yes	Finding No Longer Valid
2009-002	Noncompliance – ORC 145.01(A)(3)	Yes	Finding No Longer Valid
2009-003	Noncompliance – ORC 5705.36(A)(2)	No	Reissued as Finding 2011-001
2009-004	Material Weakness – Misclassification of Receipts and Disbursements	No	Reissued as Finding 2011-003
2009-005	Material Weakness – Budgetary Information Within the Accounting System	Yes	Finding No Longer Valid
2009-006	Significant Deficiency – Overpayment of Officials	Yes	Finding No Longer Valid



Dave Yost • Auditor of State

VILLAGE OF OCTA

FAYETTE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 12, 2013