



Certified Public Accountants, A.C.

**VILLAGE OF NEW VIENNA  
CLINTON COUNTY  
Regular Audit  
For the Years Ended December 31, 2017 and 2016**

313 Second St.  
Marietta, OH 45750  
740 373 0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304 422 2203

150 W. Main St., #A  
St. Clairsville, OH 43950  
740 695 1569

1310 Market St., #300  
Wheeling, WV 26003  
304 232 1358

749 Wheeling Ave., #300  
Cambridge, OH 43725  
740 435 3417



# OHIO AUDITOR OF STATE KEITH FABER



Village Council  
Village of New Vienna  
97 West Main Street  
New Vienna, Ohio 45159

We have reviewed the *Independent Auditor's Report* of the Village of New Vienna, Clinton County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

## **Finding for Recovery**

**Ohio Rev. Code Section 9.39** states "All public officials are liable for all public money received or collected by them or by their subordinates under color of office." The term "public official" is defined in Ohio Revised Code Section 117.01(E) as "any officer, employee, or duly authorized representative or agent of a public office." Additionally, Ohio Revised Code 117.01(C) defines "public money" as "as money received, collected by, or due a public official under color of office, as well as any money collected by an individual on behalf of a public officer or as a purported representative or agent of the public office." Finally, the term "color of office," defined in Ohio Revised Code Section 117.01(A), "means actually, purportedly, or allegedly done under any law, ordinance, resolution, order or other pretension to official right, power, or authority."

In *Seward v. National Surety Co.*, 120 Ohio St. 47 49-51 (1929), the Court held when public funds come into the hands of the public official or employee under color of office, the public official or employee will be held personally liable for the missing funds.

In January 2017, the former Chief of Police, Clinton Brown opened a bank account using his social security number and named the account New Vienna Police Department K9. During 2017, Mr. Brown solicited private donations to create and operate a K9 unit for the Village's police department. The monies collected were to be used for the purchase of a K9, training, equipment, and upkeep and maintenance of the K9.

Village Council  
Village of New Vienna  
97 West Main Street  
New Vienna, Ohio 45159  
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We obtained and examined the bank account records related to the K9 unit and identified private donations totaling \$14,020 deposited into the account. During our review we identified the following issues:

- Mr. Brown made 27 cash withdrawals with fees totaling \$1,926 to make personal purchases that were not related to the operation of the K9 unit;
- Mr. Brown made three debit card purchases totaling \$288 at Walmart for personal items; and
- Mr. Brown made 23 debit card purchases totaling \$1,157 from several vendors and there was no supporting documentation to verify the purchases were related to the operations of the K9 unit.

In addition, we obtained and examined Mr. Brown's personal bank account records and identified three donations totaling \$281 for the K9 unit deposited into his personal account.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Clinton Brown in the amount of \$3,652, and in favor of the Village of New Vienna Police Fund..

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 New Vienna is responsible for compliance with these laws and regulations.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 12, 2019

VILLAGE OF NEW VIENNA  
CLINTON COUNTY

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Certified Public Accountants, A.C.

313 Second St.  
Marietta, OH 45750  
740.373.0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304.422.2203

150 West Main St.  
St. Clairsville, OH 43950  
740.695.1569

1310 Market St., Suite 300  
Wheeling, WV 26003  
304.232.1358

749 Wheeling Ave., Suite 300  
Cambridge, OH 43725  
740.435.3417

## INDEPENDENT AUDITOR'S REPORT

November 14, 2018

Village of New Vienna  
Clinton County  
97 West Main Street  
New Vienna, OH 45159

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the **Village of New Vienna**, Clinton County (the Village) as of and for the years ended December 31, 2017 and 2016.

### ***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 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, 2017 and 2016, or 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 combined cash balances of the Village of New Vienna, Clinton County as of December 31, 2017 and 2016, and receipts and disbursements by fund type, and related notes for the years then ended 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2018, 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.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**VILLAGE OF NEW VIENNA  
CLINTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 43,262	\$ 90,802	\$ 134,064
Intergovernmental	20,038	57,688	77,726
Special Assessments	347	-	347
Fines, Licenses and Permits	1,357	1,052	2,409
Earnings on Investments	347	164	511
Miscellaneous	7,547	15,430	22,977
<i>Total Cash Receipts</i>	<u>72,898</u>	<u>165,136</u>	<u>238,034</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	21,354	98,410	119,764
Basic Utility Services	1,310	-	1,310
Transportation	-	34,824	34,824
General Government	46,882	-	46,882
Debt Service:			
Principal Retirement	1,134	3,475	4,609
Interest and Fiscal Charges	243	1,117	1,360
<i>Total Cash Disbursements</i>	<u>70,923</u>	<u>137,826</u>	<u>208,749</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,975</u>	<u>27,310</u>	<u>29,285</u>
<b>Other Financing Receipts (Disbursements)</b>			
Advances In	15,300	6,800	22,100
Advances Out	(6,800)	(15,300)	(22,100)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>8,500</u>	<u>(8,500)</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	10,475	18,810	29,285
<i>Fund Cash Balances, January 1</i>	<u>24,396</u>	<u>158,441</u>	<u>182,837</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	177,251	177,251
Assigned	1,993	-	1,993
Unassigned	32,878	-	32,878
<i>Fund Cash Balances, December 31</i>	<u><b>\$ 34,871</b></u>	<u><b>\$ 177,251</b></u>	<u><b>\$ 212,122</b></u>

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

**VILLAGE OF NEW VIENNA  
CLINTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 535,720
Miscellaneous	4,016
	<u>539,736</u>
<i>Total Operating Cash Receipts</i>	<u>539,736</u>
<b>Operating Cash Disbursements</b>	
Personal Services	75,425
Employee Fringe Benefits	11,542
Contractual Services	184,114
Supplies and Materials	77,502
Other	8,948
	<u>357,531</u>
<i>Total Operating Cash Disbursements</i>	<u>357,531</u>
<i>Operating Income</i>	<u>182,205</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Special Assessments	5,060
Intergovernmental	285,337
Other Debt Proceeds	66,935
Capital Outlay	(304,079)
Principal Retirement	(85,405)
Interest and Other Fiscal Charges	(48,798)
	<u>(80,950)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(80,950)</u>
<i>Income (Loss) before Transfers</i>	101,255
Transfers In	143,060
Transfers Out	(143,060)
	<u>101,255</u>
<i>Net Change in Fund Cash Balances</i>	<u>101,255</u>
<i>Fund Cash Balances, January 1</i>	<u>287,447</u>
<i>Fund Cash Balances, December 31</i>	<u><b>\$ 388,702</b></u>

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

**Village of New Vienna, Ohio**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 1 - Reporting Entity**

The Village of New Vienna (the Village), Clinton County, 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 road maintenance, water and sewer utilities, and police services

The Village participates in a jointly governed organization and the Public Entities Pool of Ohio public entity risk pool. Notes 12 and 7 to the financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organizations:

Clinton Highland Joint Fire District provides fire protection and rescue services to residents of the Joint Fire District which include the Village.

Public Entity Risk Pool:

The Public Entities Pool of Ohio (PEP) is a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members.

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 all proprietary fund types which are 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*** The street construction maintenance and repair 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 Levy Fund*** This fund receives tax revenue to provide security of persons and property.

**Village of New Vienna, Ohio**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

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

**Sewer Fund** The sewer 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 Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**Budgetary Process**

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

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

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

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

A summary of 2017 budgetary activity appears in Note 4.

**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.

**Village of New Vienna, Ohio**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***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.

***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*. 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.

**Village of New Vienna, Ohio**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Police Fund by \$12,990 for the year ended December 31, 2017. Also contrary to Ohio law, the Village did not always certify the availability of funds prior to purchase commitment.

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 71,565	\$ 72,898	\$ 1,333
Special Revenue	152,744	165,136	12,392
Enterprise	1,711,375	1,040,128	(671,247)
Total	\$ 1,935,684	\$ 1,278,162	\$ (657,522)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 91,051	\$ 87,331	\$ 3,720
Special Revenue	240,042	146,031	94,011
Enterprise	1,711,955	956,433	755,522
Total	\$ 2,043,048	\$ 1,189,795	\$ 853,253

**Note 5 – Deposits**

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

	2017
Demand deposits	\$ 496,700
Certificates of deposit	104,124
Total deposits	\$ 600,824

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS).

**Village of New Vienna, Ohio**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 6 – 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 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.

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.

**Note 7 - Risk Management**

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

The Government insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Government belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

	<u>2017</u>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

**Village of New Vienna, Ohio**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 7 - Risk Management (Continued)**

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Government's share of these unpaid claims collectible in future years is approximately \$8,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<b><u>2017 Contributions to PEP</u></b>
<b>\$ 13,418</b>

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

***Ohio Police and Fire Retirement System***

The Village's certified full-time Police Officers belong to the 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2017.

***Social Security***

Two 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, 2017.



**Village of New Vienna, Ohio**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 9 - 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 members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

**Note 10 – Debt**

Debt outstanding at December 31, 2017 was as follows:

OWDA Water System Improvement Loan - 3732	\$	142,447	5.14%
OWDA Sewer Planning & Design Loan - 4532		273,326	3.92%
OWDA Sewer Construction Loan - 3511		140,473	5.74%
OWDA Pump Station Renovation Loan - 5434		54,003	0.00%
OWDA Water System Improvements Loan - 6395		29,669	3.92%
OPWC Water System Repair & Replacement Loan - CJ11F		34,025	0.00%
USDA First Mortgage Water Revenue Loan		140,000	5.00%
USDA First Mortgage Sewer Revenue Loan		314,000	5.00%
Peoples Bank Loan - 2466		16,978	4.59%
Peoples Bank Loan - 0471		66,935	3.29%
		\$ 1,211,856	

The Ohio Water Development Authority (OWDA) loan 3732 relates to a water system improvement project. The OWDA approved the loan in September 2002 in the amount of \$190,000. During the construction of the project, certain interest was capitalized to the loan bringing the original loan amount, including capitalized interest, to \$196,365. The balance, plus interest, is to be repaid over a period of 30 years at an interest rate of 5.14% with semi-annual payments (January 1st and July 1st) beginning in 2005. Loan repayments were made through the Enterprise Water Debt Service Fund. The balance of this loan as of December 31, 2017 is \$142,447.

The OWDA approved loan 4532 in July 2001 in the amount of \$187,600 for Sewer System Planning and design. During the construction of the project certain amounts were encumbered by OWDA, but not disbursed totaling \$23,297. Interest was capitalized on the loan, during construction, bringing the original loan amount, including capitalized interest as of December 31, 2005 to \$199,323. The OWDA Sewer System Planning & Design loan with a principal balance of \$199,323 was rolled into the Sewer Improvement Project (Huhtamaki) which was completed in 2007. The principal amount financed by the Village at December 31, 2007 was \$354,167. The interest rate has been established at 3.92% and will have a term of thirty years. Loans were repaid through the Enterprise Sewer Debt Service Fund. The balance of this loan as of December 31, 2017 is \$273,326.

The OWDA Sewer Construction loan 3511 relates to a sewer pump station rehabilitation project. The OWDA approved the loan in July 2001, in the amount of \$196,685. During the construction of the project, certain interest was capitalized to the loan bringing the original loan amount, including capitalized interest, to \$200,582. The balance, plus interest, is to be repaid over a period of 30 years at an interest rate of 5.74% with semi-annual payments (January 1st and July 1st) beginning in 2005. Loan repayments were made through the Enterprise Sewer Debt Service Fund. The balance of this loan as of December 31, 2017 is \$140,473.

**Village of New Vienna, Ohio**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 10 – Debt (Continued)**

The OWDA approved loan 5434 on October 29, 2009 in the amount of \$83,081 for the Pump Station Renovation Project. The term of the loan is for 20 years with an interest rate of 5.00% beginning on January 1, 2011 and ending July 1, 2030. As of December 31, 2016, the Village had principal outstanding of \$58,157. In conjunction with the loan, the Village was awarded an ARRA grant for the Pump Station Renovation Project in the amount of \$249,244. As of December 31, 2009, \$16,250 of the ARRA funds were disbursed for the Project's design. During the prior audit period, the remaining \$232,994 was disbursed. The balance of this loan as of December 31, 2017 is \$54,003. Loan payments were made through the Sewer Debt Service Fund.

The OWDA Water System Improvement loan 6395 relates to a water system improvement project. During the construction of the project, certain interest was capitalized to the loan bringing the original loan amount, including capitalized interest, to \$93,815. The balance, plus interest, is to be repaid over a period of 5 years at an interest rate of 3.92% with semi-annual payments (January 1st and July 1st) beginning in 2014. The balance of this loan as of December 31, 2017 is \$29,669. Loan payments were made through the Water Debt Service Fund.

Water and sewer receipts collateralize the OWDA loans. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**Ohio Public Works Commission (OPWC) Loan:**

The OPWC loan was part of a grant/loan acquired through the OPWC's State Capital Improvement Program for a Water System Repair and Replacement project. The project agreement was approved in July 2002. The purpose of the grant/loan was to extend current waterlines, add a booster station, and make upgrades to the water treatment plant. The OPWC paid \$200,000, in the form of a grant to the Village, directly to the contractor/vendor in 2003. The Village received a loan in an amount up to \$100,000 with an interest rate of 0% to be repaid over a period of 20 year. The OPWC paid \$17,865 (in 2003) and \$43,958 (in 2004) directly to the contractor/vendor. The OPWC paid \$35,387 to the Village for costs associated with the project. The original loan balance to be repaid by the Village totals \$97,210. Repayment of the loan began in 2005 with equal, semi-annual payments. Loan repayments were made through the Enterprise Water Debt Service Fund. The balance of this loan as of December 31, 2017 is \$34,025.

**First Mortgage Water Revenue Loan (FmHA):**

The Farmer's Home Administration (FmHA) loan was initiated in October 1984 in the amount of \$416,000, at an interest rate of 5%. This loan, plus interest, was set to be repaid over a period of 40 year, with annual payments. Loan repayments were made through the Enterprise Water Debt Service Fund. The loan agreement between the Village and the FmHA requires that a reserve fund be established equal to one annual payment. This reserve fund is to be funded at the rate of 1/10th of an annual payment per year for 10 years. The Village established this reserve fund in 2009. The balance of this loan as of December 31, 2017 is \$140,000.

**First Mortgage Sewer Revenue Loan (FmHA):**

The Farmer Home Administration (FmHA) loan was initiated in October 1988 in the amount of \$638,000, at an interest rate of 5%. This loan was acquired for the purpose of constructing a wastewater treatment plant and installing sewer lines throughout the Village. This loan, plus interest, was set to be repaid over a period of 40 years, with annual payments. Loan repayments were made through the Enterprise Sewer Debt Service Fund. The loan agreement between the Village and the FmHA requires that a reserve fund be established equal to one annual payment. The Village established a reserve fund in 2009. The balance of this loan as of December 31, 2017 is \$314,000.

The Peoples Bank loan was initiated in April 2016 in the amount of \$24,534. The loan was acquired to finance a police cruiser. The loan was set to be repaid over a period of 5 years at an interest rate of 4.59%. The balance of this loan as of December 31, 2017 is \$16,978. Loan repayments were made through the Police and General Fund.

**Village of New Vienna, Ohio**  
*Clinton County*  
**Notes to the Financial Statements**  
*For the Year Ended December 31, 2017*

**Note 10 – Debt (Continued)**

The Peoples Bank loan was initiated in December 2017 in the amount of \$66,935. The loan was acquired to finance a water filtration system. The loan was set to be repaid over a period of 2 years at an interest rate of 3.29%. The balance of this loan as of December 31, 2017 is \$66,935. Loan repayments will be made from the Water Debt Service Fund.

**Amortization**

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

Year Ending December 31	OWDA 3732	OWDA 4532	OWDA 3511	OWDA 5434	OWDA 6395
2018	\$ 11,302	\$ 20,180	\$ 11,676	\$ 4,154	\$ 20,394
2019	11,367	20,180	11,784	4,154	10,197
2020	11,436	20,180	11,898	4,154	-
2021	11,508	20,180	12,019	4,154	-
2022	11,584	20,180	12,147	4,154	-
2023-2027	59,208	100,900	62,931	20,770	-
2028-2032	61,802	100,900	67,451	12,463	-
2033-2037	19,153	90,810	-	-	-
Total	<u>\$197,360</u>	<u>\$393,510</u>	<u>\$189,906</u>	<u>\$ 54,003</u>	<u>\$ 30,591</u>

Year Ending December 31	USDA Sewer	OPWC	USDA Water	Peoples 0471	Peoples 2466
2018	\$ 37,700	\$ 4,860	\$ 24,000	\$ 35,151	\$ 5,510
2019	37,600	4,860	24,150	35,151	5,510
2020	37,450	4,860	24,250	-	5,510
2021	38,250	4,860	24,300	-	1,837
2022	37,950	4,860	24,300	-	-
2023-2027	189,150	9,725	48,400	-	-
2028-2032	37,800	-	-	-	-
Total	<u>\$415,900</u>	<u>\$ 34,025</u>	<u>\$169,400</u>	<u>\$ 70,302</u>	<u>\$ 18,367</u>

**Note 11 – Contingent Liabilities**

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

**Note 12 – Jointly Governed Organizations**

The Clinton Highland Joint Fire District, a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a five-member Board of Trustees. The Board consists of one representative from each political subdivision within the District. The Clinton Highland Joint Fire District is comprised of Green Township and Wayne Township in Clinton County; Union Township and Penn Township in Highland County; and the Village of New Vienna in Clinton County. The District provides fire protection and rescue services within the District and contracts with certain areas outside of the District.

**Village of New Vienna, Ohio**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 13 – Transfers and Advances**

During 2017, the following transfers were made:

	Transfers In	Tranfers Out
5101 Water Fund	\$ -	\$ (67,460)
5102 Water Debt Reserve	1,200	-
5103 Water Debt Service	61,200	-
5104 Water Debt-2017 Peoples Loan	5,060	-
5201 Sewer Fund	-	(75,600)
5202 Sewer Debt Reserve	1,200	-
5721 Sewer Debt Service Fund	74,400	-
Total	<u>\$ 143,060</u>	<u>\$ (143,060)</u>

During 2017, the Village transferred money from the Water Fund and the Sewer Fund to the Water Debt Reserve, Water Debt Service, Sewer Fund, Sewer Debt Reserve and Sewer Debt Service Fund for debt expenditures. These transfers were determined to be appropriate and in compliance with the Ohio Revised Code and reserve requirements.

During 2017, the following advances were made:

	Advances In	Advances Out
1000 General	\$ 15,300	\$ (6,800)
2901 Police Fund	6,800	(15,300)
Total	<u>\$ 22,100</u>	<u>\$ (22,100)</u>

During 2017, the Village approved advances from the General Fund to the Police Levy Special Revenue Fund to provide working capital for operations or projects. There were no outstanding advances outstanding at year end. These advances were determined to be appropriate and in compliance with the Ohio Revised Code.

**VILLAGE OF NEW VIENNA  
CLINTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 25,728	\$ 35,278	\$ 61,006
Intergovernmental	19,951	88,052	108,003
Special Assessments	854	-	854
Fines, Licenses and Permits	1,014	100	1,114
Earnings on Investments	368	164	532
Miscellaneous	14,126	181	14,307
<i>Total Cash Receipts</i>	<u>62,041</u>	<u>123,775</u>	<u>185,816</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	18,284	46,992	65,276
Basic Utility Services	907	-	907
Transportation	-	76,923	76,923
General Government	64,466	-	64,466
Capital Outlay	24,534	-	24,534
Debt Service:			
Principal Retirement	2,947	-	2,947
Interest and Fiscal Charges	727	-	727
<i>Total Cash Disbursements</i>	<u>111,865</u>	<u>123,915</u>	<u>235,780</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(49,824)</u>	<u>(140)</u>	<u>(49,964)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Advances In	12,500	15,000	27,500
Advances Out	(15,000)	(12,500)	(27,500)
Other Debt Proceeds	24,534	-	24,534
<i>Total Other Financing Receipts (Disbursements)</i>	<u>22,034</u>	<u>2,500</u>	<u>24,534</u>
<i>Net Change in Fund Cash Balances</i>	(27,790)	2,360	(25,430)
<i>Fund Cash Balances, January 1</i>	<u>52,186</u>	<u>156,081</u>	<u>208,267</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	158,441	158,441
Assigned	19,486	-	19,486
Unassigned	4,910	-	4,910
<i>Fund Cash Balances, December 31</i>	<u><b>\$ 24,396</b></u>	<u><b>\$ 158,441</b></u>	<u><b>\$ 182,837</b></u>

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

**VILLAGE OF NEW VIENNA  
CLINTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 489,169
Miscellaneous	2,633
	<u>491,802</u>
<i>Total Operating Cash Receipts</i>	<u>491,802</u>
<b>Operating Cash Disbursements</b>	
Personal Services	75,691
Employee Fringe Benefits	11,715
Contractual Services	141,969
Supplies and Materials	94,175
Other	7,070
	<u>330,620</u>
<i>Total Operating Cash Disbursements</i>	<u>330,620</u>
<i>Operating Income</i>	<u>161,182</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental	68,187
Capital Outlay	(110,699)
Principal Retirement	(82,895)
Interest and Other Fiscal Charges	(51,702)
	<u>(177,109)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(177,109)</u>
<i>(Loss) before Transfers</i>	(15,927)
Transfers In	116,000
Transfers Out	(116,000)
	<u>(116,000)</u>
<i>Net Change in Fund Cash Balances</i>	(15,927)
<i>Fund Cash Balances, January 1</i>	<u>303,374</u>
<i>Fund Cash Balances, December 31</i>	<u><b>\$ 287,447</b></u>

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

**Village of New Vienna, Ohio**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 1 - Reporting Entity**

The Village of New Vienna (the Village), Clinton County, 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 road maintenance, water and sewer utilities, and police services

The Village participates in a jointly governed organization and the Public Entities Pool of Ohio public entity risk pool. Notes 12 and 7 to the financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organizations:

Clinton Highland Joint Fire District provides fire protection and rescue services to residents of the Joint Fire District which include the Village.

Public Entity Risk Pool:

The Public Entities Pool of Ohio (PEP) is a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members.

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 all proprietary fund types which are 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*** The street construction maintenance and repair 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 Levy Fund*** This fund receives tax revenue to provide security of persons and property.

**Village of New Vienna, Ohio**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

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

**Sewer Fund** The sewer 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 Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**Budgetary Process**

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

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

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

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

A summary of 2016 budgetary activity appears in Note 4.

**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.



**Village of New Vienna, Ohio**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***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.

***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*. 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 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Police Fund by \$5,138 for the year ended December 31, 2016. Also contrary to Ohio law, at December 31, 2016, appropriations exceeded total available resources in the General Fund by \$6,000 for the year ended December 31, 2016. Also contrary to Ohio law, the Village did not always certify the availability of funds prior to purchase commitment.

**Village of New Vienna, Ohio**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 56,463	\$ 86,575	\$ 30,112
Special Revenue	128,907	123,775	(5,132)
Enterprise	1,184,400	675,989	(508,411)
Total	\$ 1,369,770	\$ 886,339	\$ (483,431)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 114,875	\$ 112,466	\$ 2,409
Special Revenue	278,988	123,915	155,073
Enterprise	1,225,479	693,496	531,983
Total	\$ 1,619,342	\$ 929,877	\$ 689,465

**Note 5 – Deposits**

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

	2016
Demand deposits	\$ 366,129
Certificates of deposit	104,155
Total deposits	\$ 470,284

**Deposits**

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

**Note 6 – 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 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.

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

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

**Village of New Vienna, Ohio**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 7 - Risk Management**

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

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

The Government belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2016, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016 (the latest information available).

	<u><b>2016</b></u>
Assets	\$42,182,281
Liabilities	<u>(13,396,700)</u>
Net Position	<u>\$28,785,581</u>

At December 31, 2016 the liabilities above include approximately 12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool's membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Government's share of these unpaid claims collectible in future years is approximately \$8,000.

**Village of New Vienna, Ohio**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 7 - Risk Management (Continued)**

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<b><u>2016 Contributions to PEP</u></b>
<b>\$12,928</b>

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

***Ohio Police and Fire Retirement System***

The Village's certified full-time Police Officers belong to the 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2016.

**Village of New Vienna, Ohio**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 8 - Defined Benefit Pension Plans (Continued)**

***Social Security***

Two 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, 2016.

**Note 9- 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. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

**Note 10 – Debt**

Debt outstanding at December 31, 2016 was as follows:

OWDA Water System Improvement Loan - 3732	\$	147,827	5.14%
OWDA Sewer Planning & Design Loan - 4532		282,521	3.92%
OWDA Sewer Construction Loan - 3511		146,253	5.74%
OWDA Pump Station Renovation Loan - 5434		58,157	0.00%
OWDA Water System Improvements Loan - 6395		48,704	3.92%
OPWC Water System Repair & Replacement Loan - CJ11F		38,886	0.00%
USDA First Mortgage Water Revenue Loan		156,000	5.00%
USDA First Mortgage Sewer Revenue Loan		335,000	5.00%
Peoples Bank Loan - 2466		21,587	4.59%
		<u>\$ 1,234,935</u>	

The Ohio Water Development Authority (OWDA) loan 3732 relates to a water system improvement project. The OWDA approved the loan in September 2002 in the amount of \$190,000. During the construction of the project, certain interest was capitalized to the loan bringing the original loan amount, including capitalized interest, to \$196,365. The balance, plus interest, is to be repaid over a period of 30 years at an interest rate of 5.14% with semi-annual payments (January 1st and July 1st) beginning in 2005. Loan repayments were made through the Enterprise Water Debt Service Fund. The balance of this loan as of December 31, 2016 is \$147,827.

The OWDA approved loan 4532 in July 2001 in the amount of \$187,600 for Sewer System Planning and design. During the construction of the project certain amounts were encumbered by OWDA, but not disbursed totaling \$23,297. Interest was capitalized on the loan, during construction, bringing the original loan amount, including capitalized interest as of December 31, 2005 to \$199,323. The OWDA Sewer System Planning & Design loan with a principal balance of \$199,323 was rolled into the Sewer Improvement Project (Huhtamaki) which was completed in 2007. The principal amount financed by the Village at December 31, 2007 was \$354,167. The interest rate has been established at 3.92% and will have a term of thirty years. Loans were repaid through the Enterprise Sewer Debt Service Fund. The balance of this loan as of December 31, 2016 is \$282,521.

**Village of New Vienna, Ohio**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 10 – Debt (Continued)**

The OWDA Sewer Construction loan 3511 relates to a sewer pump station rehabilitation project. The OWDA approved the loan in July 2001, in the amount of \$196,685. During the construction of the project, certain interest was capitalized to the loan bringing the original loan amount, including capitalized interest, to \$200,582. The balance, plus interest, is to be repaid over a period of 30 years at an interest rate of 5.74% with semi-annual payments (January 1st and July 1st) beginning in 2005. Loan repayments were made through the Enterprise Sewer Debt Service Fund. The balance of this loan as of December 31, 2016 is \$146,253. Loan payments were made through the Sewer Debt Service Fund.

The OWDA approved loan 5434 on October 29, 2009 in the amount of \$83,081 for the Pump Station Renovation Project. The term of the loan is for 20 years with an interest rate of 5.00% beginning on January 1, 2011 and ending July 1, 2030. As of December 31, 2016, the Village had principal outstanding of \$58,157. In conjunction with the loan, the Village was awarded an ARRA grant for the Pump Station Renovation Project in the amount of \$249,244. As of December 31, 2009, \$16,250 of the ARRA funds were disbursed for the Project's design. During the prior audit period, the remaining \$232,994 was disbursed. The balance of this loan as of December 31, 2016 is \$58,157. Loan payments were made through the Water Debt Service Fund.

The OWDA Water System Improvement loan 6395 relates to a water system improvement project. During the construction of the project, certain interest was capitalized to the loan bringing the original loan amount, including capitalized interest, to \$93,815. The balance, plus interest, is to be repaid over a period of 5 years at an interest rate of 3.92% with semi-annual payments (January 1st and July 1st) beginning in 2014. The balance of this loan as of December 31, 2016 is \$48,704.

Water and sewer receipts collateralize the OWDA loans. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**Ohio Public Works Commission (OPWC) Loan:**

The OPWC loan was part of a grant/loan acquired through the OPWC's State Capital Improvement Program for a Water System Repair and Replacement project. The project agreement was approved in July 2002. The purpose of the grant/loan was to extend current waterlines, add a booster station, and make upgrades to the water treatment plant. The OPWC paid \$200,000, in the form of a grant to the Village, directly to the contractor/vendor in 2003. The Village received a loan in an amount up to \$100,000 with an interest rate of 0% to be repaid over a period of 20 year. The OPWC paid \$17,865 (in 2003) and \$43,958 (in 2004) directly to the contractor/vendor. The OPWC paid \$35,387 to the Village for costs associated with the project. The original loan balance to be repaid by the Village totals \$97,210. Repayment of the loan began in 2005 with equal, semi-annual payments. Loan repayments were made through the Enterprise Water Debt Service Fund. The balance of this loan as of December 31, 2016 is \$38,886.

**First Mortgage Water Revenue Loan (FmHA):**

The Farmer's Home Administration (FmHA) loan was initiated in October 1984 in the amount of \$416,000, at an interest rate of 5%. This loan, plus interest, was set to be repaid over a period of 40 year, with annual payments. Loan repayments were made through the Enterprise Water Debt Service Fund. The loan agreement between the Village and the FmHA requires that a reserve fund be established equal to one annual payment. This reserve fund is to be funded at the rate of 1/10th of an annual payment per year for 10 years. The Village established this reserve fund in 2009. The balance of this loan as of December 31, 2016 is \$156,000.

**Village of New Vienna, Ohio**  
*Clinton County*  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

**Note 10 – Debt (Continued)**

First Mortgage Sewer Revenue Loan (FmHA):

The Farmer Home Administration (FmHA) loan was initiated in October 1988 in the amount of \$638,000, at an interest rate of 5%. This loan was acquired for the purpose of constructing a wastewater treatment plant and installing sewer lines throughout the Village. This loan, plus interest, was set to be repaid over a period of 40 years, with annual payments. Loan repayments were made through the Enterprise Sewer Debt Service Fund. The loan agreement between the Village and the FmHA requires that a reserve fund be established equal to one annual payment. The Village established a reserve fund in 2009. The balance of this loan as of December 31, 2016 is \$335,000.

The Peoples Bank loan was initiated in April 2016 in the amount of \$24,534. The loan was acquired to finance a police cruiser. The loan was set to be repaid over a period of 5 years at an interest rate of 4.59%. The balance of this loan as of December 31, 2016 is \$21,587. Loan repayments were made through the General Fund.

**Amortization**

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

Year Ending December 31	OWDA 3732	OWDA 4532	OWDA 3511	OWDA 5434	OWDA 6395
2017	\$ 11,239	\$ 20,180	\$ 11,574	\$ 4,154	\$ 20,394
2018	11,302	20,180	11,676	4,154	20,394
2019	11,367	20,180	11,784	4,154	10,197
2020	11,436	20,180	11,898	4,154	-
2021	11,508	20,180	12,019	4,154	-
2022-2026	58,764	100,900	62,170	20,770	-
2027-2031	61,228	100,900	66,442	16,617	-
2032-2036	31,755	100,900	13,917	-	-
2037-2041	-	10,090	-	-	-
Total	<u>\$208,599</u>	<u>\$413,690</u>	<u>\$201,480</u>	<u>\$ 58,157</u>	<u>\$ 50,985</u>

Year Ending December 31	USDA Sewer	OPWC	USDA Water	Peoples 2466
2017	\$ 37,750	\$ 4,860	\$ 23,800	\$ 5,510
2018	37,700	4,860	24,000	5,510
2019	37,600	4,860	24,150	5,510
2020	37,450	4,860	24,250	5,510
2021	38,250	4,860	24,300	1,837
2022-2026	189,150	14,586	72,700	-
2027-2031	75,750	-	-	-
2032-2036	-	-	-	-
2037-2041	-	-	-	-
Total	<u>\$453,650</u>	<u>\$ 38,886</u>	<u>\$193,200</u>	<u>\$ 23,877</u>

**Village of New Vienna, Ohio**  
*Clinton County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 11 – Contingent Liabilities**

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

**Note 12 – Jointly Governed Organizations**

The Clinton Highland Joint Fire District, a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a five-member Board of Trustees. The Board consists of one representative from each political subdivision within the District. The Clinton Highland Joint Fire District is comprised of Green Township and Wayne Township in Clinton County; Union Township and Penn Township in Highland County; and the Village of New Vienna in Clinton County. The District provides fire protection and rescue services within the District and contracts with certain areas outside of the District.

**Note 13 – Transfers and Advances**

During 2016, the following transfers were made:

	Transfers In	Transfers Out
5101 Water Fund	\$ -	\$ (52,400)
5102 Water Debt Reserve	1,000	-
5103 Water Debt Service	51,400	-
5201 Sewer Fund	-	(63,600)
5202 Sewer Debt Reserve	1,000	-
5721 Sewer Debt Service Fund	62,600	-
Total	<u>\$ 116,000</u>	<u>\$ (116,000)</u>

During 2016, the Village transferred money from the Water Fund and the Sewer Fund to the Water Debt Reserve, Water Debt Service, Sewer Fund, Sewer Debt Reserve and Sewer Debt Service Fund for debt expenditures and reserve requirements. These transfers were determined to be appropriate and in compliance with the Ohio Revised Code.

During 2016, the following advances were made:

	Advances In	Advances Out
1000 General	\$ 12,500	\$ (15,000)
2901 Police Fund	15,000	(12,500)
Total	<u>\$ 27,500</u>	<u>\$ (27,500)</u>

During 2016, the Village approved advances from the General Fund to the Police Levy Special Revenue Fund to provide working capital for operations or projects. Outstanding advances at December 31, 2016 were \$8,500. These advances were determined to be appropriate and in compliance with the Ohio Revised Code.





313 Second St.  
Marietta, OH 45750  
740.373.0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304.422.2203

150 West Main St.  
St. Clairsville, OH 43950  
740.695.1569

1310 Market St., Suite 300  
Wheeling, WV 26003  
304.232.1358

749 Wheeling Ave., Suite 300  
Cambridge, OH 43725  
740.435.3417

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

November 14, 2018

Village of New Vienna  
Clinton County  
97 West Main Street  
New Vienna, OH 45159

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 of the **Village of New Vienna**, Clinton County (the Village) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated November 14, 2018, 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.

**Internal Control Over Financial Reporting**

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the 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 certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weakness. We consider findings 2017-001 and 2017-005 to be material weaknesses.

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**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, 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2017-002 through 2017-004.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated November 14, 2018.

**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 communication is not suitable for any other purpose.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

VILLAGE OF NEW VIENNA  
CLINTON COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

FINDING NUMBER 2017-001

**Material Weakness**

**Financial Reporting**

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure information provided to the readers of the financial statements is accurate. Fund balances should be properly classified based on Governmental Accounting Standards Board (GASB) Statement No. 54: Fund Balance Reporting and Governmental Fund Type Definitions. Footnote disclosures should be accurate based on underlying source documentation and governmental accounting standards.

During 2017 and 2016, receipts, disbursements and fund balances were not always posted or classified correctly. The following errors were noted:

- Ohio Public Works Commission (OPWC) grant proceeds and the related capital outlay disbursements in the amount of \$285,337 in 2017 and \$68,187 in 2016, for a wastewater treatment repair/replacement and fireflow water main replacement projects were recorded as special assessment receipts and capital outlay disbursements in a Governmental Capital Projects Fund. This activity should have been reported in an Enterprise fund as intergovernmental receipts and capital outlay disbursements;
- Loan proceeds and related capital outlay for a police cruiser in the amount of \$24,534 were not recorded in 2016;
- Outstanding encumbrances in the General Fund were not classified as Assigned in 2017 and 2016;
- The Village did not properly present information in the Debt footnote in 2017 and 2016;
- The Village did not include a Transfers/Advances note in 2017 and 2016;
- Debt payments were not properly allocated as principal payments and interest in 2017 and 2016;
- Transfer from Water Fund was made to the Sewer Fund instead of the approved fund, Water Debt Service in 2016.

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring adjustments and reclassifications. The Village has made all adjustments to its accounting system. The financial statements reflect all adjustments and reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Village Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

**Official's Response:** We did not receive a response form officials for this finding.

VILLAGE OF NEW VIENNA  
CLINTON COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2017-002

**Noncompliance**

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

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

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.
2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. Only one super blanket certificate may be outstanding at a particular time for any one line-item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for 43% of the expenditures tested for 2017 and for 30% of the expenditures tested for 2016.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, "then and now" certification should be used.

**Official's Response** – We did not receive a response from officials to this finding.

**VILLAGE OF NEW VIENNA  
CLINTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

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

**FINDING NUMBER 2017-003**

**Noncompliance**

**Ohio Revised Code Section 5705.41(B)** states that no subdivision or taxing unit shall make any expenditure of money unless the same has been properly appropriated.

Actual disbursements exceeded appropriations in the Police Fund for the years ended December 31, 2017 and 2016.

We recommend the Village Fiscal Officer modify appropriations with the Village Council before incurring obligations that would cause expenditures to exceed appropriations. The Village Fiscal Officer should deny any payments until the legislative authority has passed the necessary changes to the appropriation measure.

**Official's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2017-004**

**Noncompliance**

**Ohio Revised Code Section 5705.39** states in part that the total appropriations from each fund should not exceed the total estimated revenue. The following funds had appropriations exceeding estimated receipts for the year ended December 31, 2016.

	Estimated Receipts including Unencumbered Fund Balance	Total Appropriations	Variance
<b>At December 31, 2016</b>			
General Fund	\$108,875	\$114,875	\$6,000

Appropriating more money than expected or actually received could lead to negative fund balances and monies being used to cover expenses being charged to inappropriate funds or lines items. It could also, lead to commitments being made without sufficient funds to pay for those commitments.

**Official's Response** – We did not receive a response from officials to this finding.

VILLAGE OF NEW VIENNA  
CLINTON COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2017-005

**Material Weakness**

**Bank Reconciliations**

The Fiscal Officer did not prepare accurate monthly reconciliations of bank balances to accounting system balances. Outstanding checks greater than one year and other reconciling items were included on the initial bank reconciliation of the Village and carried forward throughout the audit period. The lack of proper reconciliations among the bank statements and ledgers resulted in errors which remained uncorrected until the audit. The Fiscal Officer tracked all differences and was able to provide support for all reconciling items. CD balances were also not updated in the accounting system to reflect interest earned.

We recommend the Fiscal Officer prepare detailed bank reconciliations that include all bank account balances being reconciled to total accounting system balance. Copies of bank reconciliations should be presented to the Village Council for review, approval, and use in managing the Village. The Fiscal Officer should reconcile activity entered in the accounting system to the bank balance and errors should be corrected in a timely manner. We also recommend the Village investigate old outstanding checks to determine if they should be voided or placed in unclaimed funds.

**Management's Response:** We did not receive a response from officials to this finding.

OHIO AUDITOR OF STATE  
**KEITH FABER**



**VILLAGE OF NEW VIENNA**

**CLINTON 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 26, 2019**