



**VILLAGE OF NEW VIENNA
CLINTON COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2019-2018**

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

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OHIO AUDITOR OF STATE
KEITH FABER



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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, 2018 through December 31, 2019. 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.

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.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

April 13, 2021

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VILLAGE OF NEW VIENNA
CLINTON COUNTY

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INDEPENDENT AUDITOR'S REPORT

March 5, 2021

Village of New Vienna
Clinton County
97 West Main Street
New Vienna, Ohio 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, Ohio (the Village) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2019 and 2018, and the respective changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of New Vienna, Clinton County as of December 31, 2019 and 2018, and 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.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2021, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Perry & 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, 2019**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 41,783	\$ 87,856	\$ 129,639
Intergovernmental	23,816	68,863	92,679
Special Assessments	726	-	726
Fines, Licenses and Permits	584	312	896
Earnings on Investments	1,908	522	2,430
Miscellaneous	9,335	6,003	15,338
	<u>78,152</u>	<u>163,556</u>	<u>241,708</u>
Cash Disbursements			
Current:			
Security of Persons and Property	14,069	83,474	97,543
Basic Utility Services	7,451	-	7,451
Transportation	-	68,380	68,380
General Government	53,509	-	53,509
Capital Outlay	-	38,969	38,969
Debt Service:			
Principal Retirement	-	16,621	16,621
Interest and Fiscal Charges	-	1,518	1,518
	<u>75,029</u>	<u>208,962</u>	<u>283,991</u>
<i>Total Cash Disbursements</i>	<u>75,029</u>	<u>208,962</u>	<u>283,991</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>3,123</u>	<u>(45,406)</u>	<u>(42,283)</u>
Other Financing Receipts (Disbursements)			
Other Debt Proceeds	-	38,969	38,969
Transfers In	-	5,000	5,000
Transfers Out	(5,000)	-	(5,000)
Advances In	5,000	2,000	7,000
Advances Out	(2,000)	(5,000)	(7,000)
	<u>(2,000)</u>	<u>40,969</u>	<u>38,969</u>
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(2,000)</u>	<u>40,969</u>	<u>38,969</u>
<i>Net Change in Fund Cash Balances</i>	<u>1,123</u>	<u>(4,437)</u>	<u>(3,314)</u>
<i>Fund Cash Balances, January 1</i>	<u>25,331</u>	<u>174,687</u>	<u>200,018</u>
Fund Cash Balances, December 31			
Restricted	-	170,250	170,250
Unassigned	26,454	-	26,454
	<u>26,454</u>	<u>170,250</u>	<u>196,704</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 26,454</u>	<u>\$ 170,250</u>	<u>\$ 196,704</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, 2019**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 600,241
Miscellaneous	21,777
	622,018
<i>Total Operating Cash Receipts</i>	<i>622,018</i>
Operating Cash Disbursements	
Personal Services	85,279
Employee Fringe Benefits	12,470
Contractual Services	186,488
Supplies and Materials	87,693
Other	3,666
	375,596
<i>Total Operating Cash Disbursements</i>	<i>375,596</i>
<i>Operating Income (Loss)</i>	<i>246,422</i>
Non-Operating Receipts (Disbursements)	
Intergovernmental	383,654
Capital Outlay	(410,014)
Principal Retirement	(86,754)
Interest and Other Fiscal Charges	(42,716)
	(155,830)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(155,830)</i>
<i>Income (Loss) before Transfers</i>	<i>90,592</i>
Transfers In	138,000
Transfers Out	(138,000)
	90,592
<i>Net Change in Fund Cash Balances</i>	<i>90,592</i>
<i>Fund Cash Balances, January 1</i>	<i>412,210</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 502,802</i>

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, 2019**

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

Jointly Governed Organizations, Public Entity Risk Pools

The Village participates in a jointly governed organization and a public entity risk pool. Notes 7 and 12 to the financial statements provides additional information for these entities. 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.

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.

Trash Fund This fund accounts for the provision of trash services to the residents and commercial users within the Village.

**VILLAGE OF NEW VIENNA, OHIO
CLINTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 2 - Summary of Significant Accounting Policies (Continued)

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 2019 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.

Accumulated Leave

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

**VILLAGE OF NEW VIENNA, OHIO
CLINTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. 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, the Village did not certify to the county auditor the total amount from all sources available for expenditures from each fund for the year ended December 31, 2019.

Contrary to Ohio law, the Village did not file an appropriation measure with the county auditor for the year ended December 31, 2019.

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in all funds for the year ended December 31, 2019.

**VILLAGE OF NEW VIENNA, OHIO
CLINTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 4 - Budgetary Activity

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ -	\$ 78,152	\$ 78,152
Special Revenue	-	207,525	207,525
Enterprise	-	1,143,672	1,143,672
Total	\$ -	\$ 1,429,349	\$ 1,429,349

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ -	\$ 80,916	\$ (80,916)
Special Revenue	-	210,595	(210,595)
Enterprise	-	1,065,455	(1,065,455)
Total	\$ -	\$ 1,356,966	\$ (1,356,966)

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:

	2019
Demand deposits	\$ 595,351
Certificates of deposit	104,155
Total deposits	\$ 699,506

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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.

**VILLAGE OF NEW VIENNA, OHIO
CLINTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 6 – Taxes (Continued)

Property Taxes (Continued)

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

Risk Pool Membership

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

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

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

	<u>2019</u>
Cash and investments	\$ 38,432,610
Actuarial liabilities	\$14,705,917

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 percent of their gross salaries and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Ohio Police and Fire Retirement System

The Village's 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 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2019.

**VILLAGE OF NEW VIENNA, OHIO
CLINTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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, 2019.

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 0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

Note 10 – Debt

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA - 3732	\$ 130,833	5.14%
OWDA - 4532	253,831	3.92%
OWDA - 3511	127,883	5.74%
OWDA - 5434	45,695	5.00%
OPWC - CJ11F	24,303	0.00%
USDA Water Revenue Loan	105,000	5.00%
USDA Sewer Revenue Loan	269,000	5.00%
Peoples Bank Loan - 7655	23,900	4.60%
Peoples Bank Loan - 1415	36,045	4.40%
Total	<u>\$ 1,016,490</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.

**VILLAGE OF NEW VIENNA, OHIO
CLINTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 10 – Debt (Continued)

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 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 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. 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 3.09% with semi-annual payments (January 1st and July 1st) beginning in 2014. Loan payments were made through the Water Debt Service Fund. This loan was paid off during 2019.

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.

**VILLAGE OF NEW VIENNA, OHIO
CLINTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 10 – Debt (Continued)

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.

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 Peoples Bank loan 2466 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%. Loan repayments were made through the Police and General Fund. This loan was paid off during 2019.

The Peoples Bank loan 7655 was initiated in April 2018 in the amount of \$34,565. The loan was acquired to finance a truck. The loan was set to be repaid over a period of 5 years at an interest rate of 4.60%. Loan repayments were made from the Street, Water and Sewer Funds.

The Peoples Bank loan 1415 was initiated in July 2019 in the amount of \$38,969. 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 4.40%. Loan repayments were made from the Police Fund.

Amortization

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

Year ending December 31:	OWDA Loans	OPWC Loan	USDA Loans	Peoples Bank Loans
2020	\$ 47,668	\$ 4,860	\$ 61,700	\$ 16,476
2021	47,862	4,860	61,550	16,476
2022	48,066	4,860	62,250	16,476
2023	48,281	4,860	61,850	11,300
2024	48,509	4,863	62,350	5,082
2025-2029	246,426	-	151,150	-
2030-2034	202,725	-	-	-
2035-2039	50,451	-	-	-
Total	<u>\$ 739,988</u>	<u>\$ 24,303</u>	<u>\$460,850</u>	<u>\$ 65,810</u>

**VILLAGE OF NEW VIENNA, OHIO
CLINTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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 2019, the following transfers were made:

	<u>Transfers In</u>	<u>Transfers Out</u>
1000 General Fund	\$ -	\$ (5,000)
2901 Police Fund	5,000	-
5101 Water Fund	-	(62,400)
5102 Water Debt Reserve	1,200	-
5103 Water Debt Service	61,200	-
5201 Sewer Fund	-	(75,600)
5202 Sewer Debt Reserve	1,200	-
5721 Sewer Debt Service	74,400	-
	<u>\$ 143,000</u>	<u>\$ (143,000)</u>

During 2019, the Village transferred money from the General Fund, Water Fund and the Sewer Fund to the Police, Water Debt Reserve, Water Debt Service, Sewer Debt Reserve and Sewer Debt Service Funds for debt expenditures. These transfers were determined to be appropriate and in compliance with the Ohio Revised Code and reserve requirements.

During 2019, the following advances were made:

	<u>Advances In</u>	<u>Advances Out</u>
1000 General	\$ 5,000	\$ (2,000)
2901 Police	2,000	(5,000)
Total	<u>\$ 7,000</u>	<u>\$ (7,000)</u>

During 2019, the Village approved advances from the General Fund to the Police Levy Special Revenue Fund to provide working capital for operations or projects. These advances were determined to be appropriate and in compliance with the Ohio Revised Code.

Outstanding advances at December 31, 2019, consisted of \$12,600 advanced to the Police Fund to provide working capital for operations or projects. Management intends to repay these advances in calendar year 2020.

**VILLAGE OF NEW VIENNA, OHIO
CLINTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 14 – Subsequent Events

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

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, 2018**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 42,984	\$ 90,986	\$ 133,970
Intergovernmental	18,968	53,282	72,250
Special Assessments	175	-	175
Fines, Licenses and Permits	650	175	825
Earnings on Investments	1,168	414	1,582
Miscellaneous	3,883	4,653	8,536
	<i>Total Cash Receipts</i>	149,510	217,338
Cash Disbursements			
Current:			
Security of Persons and Property	20,217	96,707	116,924
Basic Utility Services	1,349	-	1,349
Transportation	-	63,732	63,732
General Government	40,202	-	40,202
Capital Outlay	-	11,523	11,523
Debt Service:			
Principal Retirement	-	6,241	6,241
Interest and Fiscal Charges	-	994	994
	<i>Total Cash Disbursements</i>	179,197	240,965
	<i>Excess of Receipts Over (Under) Disbursements</i>	(29,687)	(23,627)
Other Financing Receipts (Disbursements)			
Other Debt Proceeds	-	11,523	11,523
Advances In	5,000	20,600	25,600
Advances Out	(20,600)	(5,000)	(25,600)
	<i>Total Other Financing Receipts (Disbursements)</i>	27,123	11,523
	<i>Net Change in Fund Cash Balances</i>	(2,564)	(12,104)
	<i>Fund Cash Balances, January 1</i>	177,251	212,122
Fund Cash Balances, December 31			
Restricted	-	174,687	174,687
Unassigned	25,331	-	25,331
	<i>Fund Cash Balances, December 31</i>	\$ 174,687	\$ 200,018

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, 2018**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$ 661,077
Miscellaneous	5,138
	<u>666,215</u>
<i>Total Operating Cash Receipts</i>	<u>666,215</u>
Operating Cash Disbursements	
Personal Services	81,218
Employee Fringe Benefits	12,409
Contractual Services	191,780
Supplies and Materials	94,316
Other	6,866
	<u>386,589</u>
<i>Total Operating Cash Disbursements</i>	<u>386,589</u>
<i>Operating Income (Loss)</i>	<u>279,626</u>
Non-Operating Receipts (Disbursements)	
Intergovernmental	80,025
Other Debt Proceeds	23,042
Capital Outlay	(152,301)
Principal Retirement	(158,689)
Interest and Other Fiscal Charges	(48,195)
	<u>(256,118)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(256,118)</u>
<i>Income (Loss) before Transfers</i>	23,508
Transfers In	202,358
Transfers Out	(202,358)
	<u>23,508</u>
<i>Net Change in Fund Cash Balances</i>	<u>23,508</u>
<i>Fund Cash Balances, January 1</i>	<u>388,702</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 412,210</u></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, 2018**

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

Jointly Governed Organizations, Public Entity Risk Pools

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

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.

**VILLAGE OF NEW VIENNA, OHIO
CLINTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 2 - Summary of Significant Accounting Policies (Continued)

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 2018 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.

Accumulated Leave

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

**VILLAGE OF NEW VIENNA, OHIO
CLINTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. 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, the Village did not certify to the county auditor the total amount from all sources available for expenditures from each fund for the year ended December 31, 2018.

Contrary to Ohio law, the Village did not file an appropriation measure with the county auditor for the year ended December 31, 2018.

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in all funds for the year ended December 31, 2018.

**VILLAGE OF NEW VIENNA, OHIO
CLINTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 4 - Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ -	\$ 67,828	\$ 67,828
Special Revenue	-	161,033	161,033
Enterprise	-	971,640	971,640
Total	\$ -	\$ 1,200,501	\$ 1,200,501

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ -	\$ 62,451	\$ (62,451)
Special Revenue	-	182,146	(182,146)
Enterprise	-	970,063	(970,063)
Total	\$ -	\$ 1,214,660	\$ (1,214,660)

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:

	2018
Demand deposits	\$ 512,073
Certificates of deposit	100,155
Total deposits	\$ 612,228

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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.

**VILLAGE OF NEW VIENNA, OHIO
CLINTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 6 – Taxes (Continued)

Property Taxes (Continued)

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

Risk Pool Membership

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

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

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

	<u>2018</u>
Cash and investments	\$ 35,381,789
Actuarial liabilities	\$12,965,015

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 percent of their gross salaries and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2018.

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 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members’ wages. The Village has paid all contributions required through December 31, 2018.

**VILLAGE OF NEW VIENNA, OHIO
CLINTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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, 2018.

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 0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

Note 10 – Debt

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA - 3732	\$ 136,787	5.14%
OWDA - 4532	263,768	3.92%
OWDA - 3511	134,356	5.74%
OWDA - 5434	49,849	5.00%
OWDA - 6395	10,042	3.92%
OPWC - CJ11F	29,164	0.00%
USDA Water Revenue Loan	123,000	5.00%
USDA Sewer Revenue Loan	292,000	5.00%
Peoples Bank Loan - 2466	11,530	4.59%
Peoples Bank Loan - 7655	30,400	4.60%
Total	<u>\$ 1,080,896</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.

**VILLAGE OF NEW VIENNA, OHIO
CLINTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 10 – Debt (Continued)

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 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 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. 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 3.09% with semi-annual payments (January 1st and July 1st) beginning in 2014. 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.

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.

**VILLAGE OF NEW VIENNA, OHIO
CLINTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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 Peoples Bank loan 2466 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%. Loan repayments were made from the Police Fund. The prior audit balance was incorrectly stated as \$16,978. The correct amount outstanding as of December 31, 2017 was \$16,383.

The Peoples Bank loan 0471 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%. Loan repayments were made from the Water Debt Fund. This loan was paid off in 2018.

The Peoples Bank loan 7655 was initiated in April 2018 in the amount of \$34,565. The loan was acquired to finance a truck. The loan was set to be repaid over a period of 5 years at an interest rate of 4.60%. Loan repayments were made from the Street, Water and Sewer Funds.

Amortization

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

Year ending December 31:	OWDA Loans	OPWC Loan	USDA Loans	Peoples Bank Loans
2019	\$ 57,682	\$ 4,860	\$ 61,750	\$ 13,275
2020	47,668	4,860	61,700	13,275
2021	47,862	4,860	61,550	9,602
2022	48,066	4,860	62,250	7,765
2023	48,281	4,860	61,850	2,588
2024-2028	245,083	4,864	213,500	-
2029-2033	225,978	-	-	-
2034-2038	77,050	-	-	-
Total	<u>\$ 797,670</u>	<u>\$ 29,164</u>	<u>\$522,600</u>	<u>\$ 46,505</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.

**VILLAGE OF NEW VIENNA, OHIO
CLINTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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 2018, the following transfers were made:

	<u>Transfers In</u>	<u>Transfers Out</u>
5101 Water Fund	\$ -	\$ (126,758)
5102 Water Debt Reserve	1,200	-
5103 Water Debt Service	61,200	-
5104 Water Debt-2017 Peoples Loan	64,358	-
5201 Sewer Fund	-	(75,600)
5202 Sewer Debt Reserve	1,200	-
5721 Sewer Debt Service	74,400	-
	<u>\$ 202,358</u>	<u>\$ (202,358)</u>

During 2018, 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 Funds for debt expenditures. These transfers were determined to be appropriate and in compliance with the Ohio Revised Code and reserve requirements.

During 2018, the following advances were made:

	<u>Advances In</u>	<u>Advances Out</u>
1000 General	\$ 5,000	\$ (20,600)
2901 Police	20,600	(5,000)
Total	<u>\$ 25,600</u>	<u>\$ (25,600)</u>

During 2018, the Village approved advances from the General Fund to the Police Fund to provide working capital for operations or projects. These advances were determined to be appropriate and in compliance with the Ohio Revised Code.

Outstanding advances at December 31, 2018, consisted of \$15,600 advanced to the Police Fund to provide working capital for operations or projects. Management intends to repay these advances in calendar year 2019.

Note 14 – Subsequent Events

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

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

March 5, 2021

Village of New Vienna
Clinton County
97 West Main Street
New Vienna, Ohio 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 by fund type of the **Village of New Vienna**, Clinton County, (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated March 5, 2021, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit and we noted that the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

Internal Control Over Financial Reporting

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

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

Tax - Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll – Litigation Support – Financial Investigations
Members: American Institute of Certified Public Accountants
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Internal Control Over Financial Reporting (Continued)

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 weaknesses. We consider findings 2019-001 through 2019-003 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2019-003.

Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of audit findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



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, 2019 AND 2018

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

FINDING NUMBER 2019-001

Material Weakness

Financial Reporting

The Village should have procedures and controls in place to prevent and detect errors in financial reporting.

During 2019 and 2018, receipts and disbursements were not always posted or classified correctly. The following errors were noted:

- An auto license tax receipt was posted to the General Fund instead of the Street and State Highway Funds in 2019;
- A gasoline tax receipt was not properly allocated between the Street and State Highway Funds in 2019;
- The debt proceeds and corresponding capital outlay for the Police Cruiser loan with Peoples Bank were not recorded in the Police Fund in 2019;
- The debt proceeds and corresponding capital outlay for the Chevrolet Truck loan with Peoples Bank were not recorded in the Street, Water and Sewer Funds in 2018;
- The principal portion of the loan payoff for the Water Filtration loan was misclassified as Interest and Other Fiscal Charges instead of Principal Retirement in the Water Debt Fund in 2018;
- Miscellaneous and Charges for Services receipts were misclassified as Special Assessments in the Water and Water Improvement Funds in 2019 and 2018; and
- OPWC grant proceeds and corresponding capital outlay were not recorded in the Water Fund in 2019 and 2018.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several adjustments and reclassifications. The Village has made the adjustments to their 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 and expenses 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.

Official's Response – Will review financial statements.

**VILLAGE OF NEW VIENNA
CLINTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2019-002

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. 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.

Official's Response – Will prepare in timely manner and will work on voiding old checks.

FINDING NUMBER 2019-003

Material Weakness/Noncompliance

Budgetary Controls

The budget is an instrument of public policy: A governing board expresses its desires for using a government's limited resources through its appropriations. Ohio Revised Code Section 5705 deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

In performing the audit, we noted several violations of budgetary law which, although they do not in and of themselves, result in errors in financial reporting, may lead to the Village making financial decisions based on incorrect or incomplete information. We noted the following:

- **Violations of 5705.36** – The Village did not certify to the County Budget Commission the total amount from all sources available for expenditures from each fund for 2019 or 2018;
- **Violations of 5705.39** – The Village did not file an appropriation measure with the County Budget Commission to receive a certificate stating that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate for 2019 or 2018; and
- **Violations of 5705.41(B)** – the Village did not have an effective appropriation measure as certified by the County Budget Commission for any fund for 2019 or 2018; therefore, appropriation amounts were effectively zero.

Although Council approves budgets for revenue and expenses and receives monthly reports of budget and actual information, it does not ensure that budgetary forms are properly completed and submitted to the County Budget Commission timely.

VILLAGE OF NEW VIENNA
CLINTON COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-003 (Continued)

Budgetary Controls (Continued)

Council should review the requirements of ORC section 5705 to be familiar with these laws and to make sure the Village is complying with applicable sections.

Official's Response – Will review ORC and send appropriate reports to County.

**VILLAGE OF NEW VIENNA
CLINTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

Finding Number	Finding Summary	Status	Additional Information
2017-001	Financial Reporting	Not Corrected	Repeated as Finding 2019-001
2017-002	Ohio Revised Code Section 5705.41(D)	Corrected	N/A
2017-003	Ohio Revised Code Section 5705.41(B)	Not Corrected	Repeated as Finding 2019-003
2017-004	Ohio Revised Code Section 5705.39	Not Corrected	Repeated as Finding 2019-003
2017-005	Bank Reconciliations	Not Corrected	Repeated as Finding 2019-002

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF NEW VIENNA

CLINTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/6/2021

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

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