VILLAGE OF NEW VIENNA
CLINTON COUNTY
Regular Audit
For the Years Ended December 31, 2013 and 2012

Perry & Associates
Certified Public Accountants, A.C.

Dave Yost • Auditor of State

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, 2012 through December 31, 2013. 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.

Dave Yost
Auditor of State

April 13, 2015

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VILLAGE OF NEW VIENNA
CLINTON COUNTY

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INDEPENDENT AUDITOR'S REPORT

December 24, 2014

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 and related notes of the **Village of New Vienna**, Clinton County, (the Village) as of and for the years ended December 31, 2013 and 2012.

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 opinion.

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

As described in Note 1B 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, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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, 2013 and 2012, 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, 2013 and 2012, and its combined cash receipts and disbursements 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 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24 2014, 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 CPA's A.C.

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 (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	$ 24,413	$ 34,362	$ -	$ 58,775
Intergovernmental	29,606	53,496	438,837	521,939
Special Assessments	3,162	-	-	3,162
Fines, Licenses and Permits	7,079	25	-	7,104
Miscellaneous	14,462	55	-	14,517
Total Cash Receipts	78,722	87,938	438,837	605,497
Cash Disbursements				
Current:				
Security of Persons and Property	18,703	41,197	-	59,900
Basic Utility Services	1,169	-	-	1,169
Transportation	-	32,605	-	32,605
General Government	71,512	-	-	71,512
Capital Outlay	-	-	438,837	438,837
Total Cash Disbursements	91,384	73,802	438,837	604,023
Excess of Receipts Over (Under) Disbursements	(12,662)	14,136	-	1,474
Other Financing Receipts (Disbursements)				
Advances-In	22,000	6,000	-	28,000
Advances-Out	(6,000)	(6,000)	-	(12,000)
Total Other Financing Receipts (Disbursements)	16,000	-	-	16,000
Net Change in Fund Cash Balances	3,338	14,136	-	17,474
Fund Cash Balances, January 1	72,702	100,629	-	173,331
Fund Cash Balances, December 31				
Restricted	-	114,765	-	114,765
Unassigned	76,040	-	-	76,040
Fund Cash Balances, December 31	$ 76,040	$ 114,765	$ -	$ 190,805

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 (CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	$ 454,728
Miscellaneous	1,364
Total Operating Receipts	456,092
Operating Cash Disbursements	
Personal Services	58,618
Employee Fringe Benefits	8,918
Contractual Services	102,765
Supplies and Materials	62,422
Other	6,716
Total Operating Cash Disbursements	239,439
Operating Income	216,653
Non-Operating Receipts (Disbursements)	
Intergovernmental	48,785
Debt Proceeds	93,815
Capital Outlay	(164,742)
Principal Retirement	(78,587)
Interest and Fiscal Charges	(62,144)
Total Non-Operating Receipts (Disbursements)	(162,873)
Income before Transfers and Advances	53,780
Transfer-In	137,900
Transfer-Out	(137,900)
Advance-Out	(16,000)
Net Change in Fund Cash Balances	37,780
Fund Cash Balances, January 1	266,668
Fund Cash Balances, December 31	$ 304,448

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 (CASH BASIS) ALL GOVERNMENTAL FUND TYPES FOR THE YEAR ENDED DECEMBER 31, 2012

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	$ 26,616	$ 37,247	$ -	$ 63,863
Intergovernmental	57,721	53,827	870,637	982,185
Special Assessments	1,268	-	-	1,268
Fines, Licenses and Permits	5,743	-	-	5,743
Miscellaneous	2,753	16	-	2,769
Total Cash Receipts	94,101	91,090	870,637	1,055,828
Cash Disbursements				
Current:				
Security of Persons and Property	18,843	54,407	-	73,250
Basic Utility Services	1,135	-	-	1,135
Transportation	-	49,203	-	49,203
General Government	58,904	-	-	58,904
Capital Outlay	-	-	870,637	870,637
Total Cash Disbursements	78,882	103,610	870,637	1,053,129
Excess of Receipts Over (Under) Disbursements	15,219	(12,520)	-	2,699
Other Financing Receipts (Disbursements)				
Sale of Fixed Assets	2,154	-	-	2,154
Transfers In	-	9,000	-	9,000
Transfers Out	(9,000)	-	-	(9,000)
Advances-In	5,000	1,000	-	6,000
Advances-Out	(21,000)	(1,000)	-	(22,000)
Total Other Financing Receipts (Disbursements)	(22,846)	9,000	-	(13,846)
Net Change in Fund Cash Balances	(7,627)	(3,520)	-	(11,147)
Fund Cash Balances, January 1	80,329	104,149	-	184,478
Fund Cash Balances, December 31				
Restricted	-	100,629	-	100,629
Unassigned	72,702	-	-	72,702
Fund Cash Balances, December 31	$ 72,702	$ 100,629	$ -	$ 173,331

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 (CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	$ 448,350
Miscellaneous	2,304
Total Operating Receipts	450,654
Operating Cash Disbursements	
Personal Services	57,957
Employee Fringe Benefits	8,991
Contractual Services	103,523
Supplies and Materials	59,862
Other	5,904
Total Operating Cash Disbursements	236,237
Operating Income	214,417
Non-Operating Receipts (Disbursements)	
Debt Proceeds	28,435
Capital Outlay	(156,271)
Principal Retirement	(73,941)
Interest and Fiscal Charges	(64,810)
Total Non-Operating Receipts (Disbursements)	(266,587)
Income before Transfers and Advances	(52,170)
Transfer-In	146,400
Transfer-Out	(146,400)
Advance-In	20,000
Advance-Out	(4,000)
Net Change in Fund Cash Balances	(36,170)
Fund Cash Balances, January 1	302,838
Fund Cash Balances, December 31	$ 266,668

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

VILLAGE OF NEW VIENNA
CLINTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of New Vienna, Clinton County (the Village), as a body corporate and politic. A publicly elected six-member Council directs the Village. The Village provides road maintenance, water and sewer utilities, refuse collection and police services.

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is:

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.

B. Accounting Basis

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.

C. Deposits and Investments

The Village invests all available funds in a checking account and certificates of deposit.

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. 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:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax monies for constructing, maintaining and repairing Village streets.

Police Levy Fund - This fund receives tax money to provide security of persons and property.

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

Permanent Improvement On Behalf Fund - This fund is maintained to reflect the on-behalf grant receipt and disbursements for various capital projects.

4. Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

2. Estimated Resources

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

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

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

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

2. Restricted

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

3. Committed

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

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

VILLAGE OF NEW VIENNA
CLINTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

5. Unassigned

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

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

G. Property, Plant and Equipment

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

2. EQUITY IN POOLED 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:

	2013	2012
Demand Deposits	$ 391,634	$ 336,561
Certificates of Deposit	103,619	103,438
Total Deposits	$ 495,253	$ 439,999

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	$ 94,589	$ 78,722	$ (15,867)
Special Revenue	85,030	87,938	2,908
Capital Projects	1,005,877	438,837	(567,040)
Enterprise	626,500	736,592	110,092
Total	$ 1,811,996	$ 1,342,089	$ (469,907)

VILLAGE OF NEW VIENNA
CLINTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Continued)

3. BUDGETARY ACTIVITY (Continued)

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	$ 151,424	$ 91,384	$ 60,040
Special Revenue	185,659	73,802	111,857
Capital Projects	438,837	438,837	-
Enterprise	893,168	682,812	210,356
Total	$ 1,669,088	$ 1,286,835	$ 382,253

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	$ 93,895	$ 96,255	$ 2,360
Special Revenue	85,772	100,090	14,318
Capital Projects	1,186,762	870,637	(316,125)
Enterprise	580,000	625,489	45,489
Total	$ 1,946,429	$ 1,692,471	$ (253,958)

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	$ 174,224	$ 87,882	$ 86,342
Special Revenue	189,921	103,610	86,311
Capital Projects	870,637	870,637	-
Enterprise	882,838	677,659	205,179
Total	$ 2,117,620	$ 1,739,788	$ 377,832

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following December 24.

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.

5. DEBT

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
OWDA Sewer Improvement Loan - 2825	$ 11,467	2.00%
OWDA System Improvement Loan - 3732	162,420	5.14%
OWDA Sewer System Planning & Design Loan - 4532	308,058	3.92%
OWDA Sewer Construction Loan - 3511	161,757	5.74%
OWDA Pump Station Renovation Loan - 5434	70,619	0.00%
OWDA Water System Improvements Loan - 6395	93,815	3.09%
OPWC Water System Repair & Replacement Loan	53,466	0.00%
First Mortgage Water Revenue Loan	201,000	5.00%
First Mortgage Sewer Revenue Loan	392,000	5.00%
Total	$ 1,454,602	

Ohio Water Development Authority (OWDA) Loans:
The OWDA Sewer Improvement loan - 2825 relates to a wastewater treatment plant construction project. The OWDA approved the loan in 1987 and initial payments began in 1989. The financed amount totaled $456,502, plus interest, to be repaid over a period of 25 years, with semi-annual payments (January 1st and July 1st). Loan repayments were made through the Enterprise Sewer Debt Service Fund.

The OWDA Water System Improvements 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, with semi-annual payments (January 1st and July 1st) beginning in 2005. Loan repayments were made through the Enterprise Water Debt Service Fund.

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 new OWDA Sewer Pump Station and Force Main Improvement Project loan has not been fully completed and amortized, however loan documentation as of December 31, 2007 indicates that the total financed balance is expected to be $385,796, which included the payoff of the OWDA Sewer System Planning and Design Loan. 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 prior audit incorrectly identified the amount outstanding as of December 31, 2011 as $349,382. The correct amount should have been reflected as $323,503.

5. 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, 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 beginning on January 1, 2011 and ending July 1, 2030. As of December 31, 2011, the Village had principal outstanding of $50,492. 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 prior audit incorrectly identified the amount outstanding as of December 31, 2011 as $4,154. The correct amount should have been reflected as $50,492.

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

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 years. 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 years, 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.

5. 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.

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

Year ending December 31:	OWDA	OPWC	Water Bond	Sewer Bond	Total
2014	$ 73,226	$ 4,860	$ 24,050	$ 37,600	$ 139,736
2015	71,732	4,860	24,350	37,700	138,642
2016	71,732	4,860	24,600	37,750	138,942
2017	71,732	4,860	23,800	37,750	138,142
2018	71,732	4,860	24,000	37,700	138,292
2019-2023	266,887	24,303	121,250	188,850	601,290
2024-2028	256,690	4,863	24,150	189,350	475,053
2029-2033	230,134	-	-	-	230,134
2034-2038	77,086	-	-	-	77,086
Total	$ 1,190,951	$ 53,466	$ 266,200	$ 566,700	$ 2,077,317

6. RETIREMENT SYSTEMS

The Village's elected officials and 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 includes postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, 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, 2013.

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 Village 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. American Risk Pooling Consultants, Inc. (ARPCO), a division of 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 ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

7. RISK MANAGEMENT (Continued)

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, 2013, 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 accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2012 and 2013.

	2012	2013
Assets	$34,389,569	$34,411,883
Liabilities	(14,208,353)	(12,760,194)
Net Position	$20,181,216	$21,651,689

At December 31, 2012 and 2013, respectively, the liabilities above include approximately $13.1 million and $11.6 million of estimated incurred claims payable. The assets above also include approximately $12.6 million and $11.1 million of unpaid claims to be billed to approximately 475 member governments in the future, as of December 31, 2012 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Villaget's share of these unpaid claims collectible in future years is approximately $10,000.

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.

Contributions to PEP	
2012	2013
$6,235	$13,798

7. RISK MANAGEMENT (Continued)

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.

8. 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.

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

December 24, 2014

Village of New Vienna
Clinton County
203 East Main Street
New Vienna, Ohio 45168

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 **Village of New Vienna,** Clinton County, (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated December 24, 2014, 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 opinion 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.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of 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. We consider finding 2013-001 described in the accompanying schedule of audit findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 that we must report under *Government Auditing Standard*s which is described in the accompanying schedule of audit findings as item 2013-002.

We also noted certain matters not requiring inclusion in this report that we communicated to management in a separate letter dated December 24, 2014.

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 & Associates CPA's A.C.

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

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

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

FINDING NUMBER 2013-001

Material Weakness

Posting Receipts and Disbursements

Receipts and disbursements should be posted to the fund and line item accounts as established by Ohio Administrative Code.

Receipts and disbursements were not always posted correctly. The following errors were noted:

- In 2013 and 2012, Intergovernmental receipts were misclassified as Special Assessments in the Other Capital Projects Fund.
- In 2013 and 2012, Debt Proceeds and the corresponding Capital Outlay disbursements were not recorded in the Sewer Repair Improvement Fund.
- In 2013, an Intergovernmental grant receipt was misclassified as Miscellaneous in the Water Operating Fund.
- In 2012, a Transfer was incorrectly classified as an Advance in the General and Police Funds.

Not posting receipts and disbursements accurately resulted in the financial statements requiring reclassifications. The financial statements reflect all reclassifications.

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

We also recommend the Fiscal Officer refer to Ohio Administrative Code and/or the Ohio Village Handbook for guidance to determine proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

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

FINDING NUMBER 2013-002

Noncompliance

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

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

FINDING NUMBER 2013-002 (Continued)

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. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for 43% and 100% of the expenditures tested during 2013 and 2012, respectively. In addition there was no evidence that the Village followed the aforementioned exceptions.

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.

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

VILLAGE OF NEW VIENNA
CLINTON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2011-01	Posting of Receipts and Disbursements	No	Repeated as 2013-001
2011-02	ORC 5705.41(B)	Yes	N/A
2011-03	ORC 5705.36 (A)(5) and 5705.39	Yes	N/A
2011-04	ORC 5705.41(D)	No	Repeated as 2013-002

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
MAY 7, 2015