



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF SOUTH VIENNA
CLARK COUNTY
DECEMBER 31, 2023 AND 2022**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of South Vienna
Clark County
PO Box 569
South Vienna, Ohio 45369

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of South Vienna, Clark County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2023 and 2022, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2025, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

January 27, 2025

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Village of South Vienna, Ohio*Clark County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2023*

	General	Special Revenue	Combined Total
Cash Receipts			
Property and Other Local Taxes	\$14,207	\$8,513	\$22,720
Municipal Income Tax	187,738		187,738
Intergovernmental	7,162	25,911	33,073
Fines, Licenses and Permits	12,436		12,436
Earnings on Investments	77,174	9,332	86,506
Miscellaneous	6,656		6,656
<i>Total Cash Receipts</i>	<u>305,373</u>	<u>43,756</u>	<u>349,129</u>
Cash Disbursements			
Current:			
Security of Persons and Property	66,571		66,571
Leisure Time Activities	5,459		5,459
Basic Utility Services	675		675
Transportation		2,795	2,795
General Government	149,610		149,610
Debt Service:			
Principal Retirement	8,532		8,532
Interest and Fiscal Charges	2,977		2,977
<i>Total Cash Disbursements</i>	<u>233,824</u>	<u>2,795</u>	<u>236,619</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>71,549</u>	<u>40,961</u>	<u>112,510</u>
<i>Net Change in Fund Cash Balances</i>	<u>71,549</u>	<u>40,961</u>	<u>112,510</u>
<i>Fund Cash Balances, January 1</i>	<u>327,189</u>	<u>309,725</u>	<u>636,914</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$398,738</u></u>	<u><u>\$350,686</u></u>	<u><u>\$749,424</u></u>

See accompanying notes to the basic financial statements

Village of South Vienna, Ohio
Clark County
Combined Statement of Receipts, Disbursements
and Change in Fund Balance (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2023

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$843,297
Miscellaneous	861
	<u>844,158</u>
<i>Total Operating Cash Receipts</i>	
	<u>844,158</u>
Operating Cash Disbursements	
Personal Services	49,506
Employee Fringe Benefits	4,976
Contractual Services	512,674
Supplies and Materials	51,699
Other	35,805
	<u>654,660</u>
<i>Total Operating Cash Disbursements</i>	
	<u>654,660</u>
<i>Operating Income</i>	
	<u>189,498</u>
Non-Operating Receipts (Disbursements)	
Other Debt Proceeds	354,764
Capital Outlay	(363,369)
Principal Retirement	(8,742)
Interest and Other Fiscal Charges	(1,179)
	<u>(18,526)</u>
<i>Total Non-Operating (Disbursements)</i>	
	<u>(18,526)</u>
<i>Net Change in Fund Cash Balance</i>	
	170,972
<i>Fund Cash Balance, January 1</i>	
	<u>2,025,041</u>
<i>Fund Cash Balance, December 31</i>	
	<u><u>\$2,196,013</u></u>

See accompanying notes to the basic financial statements

Village of South Vienna, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of South Vienna, Clark County, (the “Village”) as a body corporate and politic. A publicly elected six-member Council directs the Village. The Village provides water, sewer and electric utilities; park operations; and police services.

Public Entity Risk Pool and Joint Ventures

The Village participates in the Public Entities Pool of Ohio (the “PEP”) which is a public entity risk pool. The PEP assumes the risk of loss up to the limits of the Village’s policy. Note 7 to the financial statements provides additional information for this entity.

The Village participates in the Ohio Municipal Electric Generation Agency Joint Venture 2 and the Ohio Municipal Electric Generation Agency Joint Venture 5 which are a joint ventures. Note 12 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types and a combined statement of receipts, disbursements and change in fund balance (regulatory cash basis) for the proprietary fund type which are all organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair 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.

Village of South Vienna, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

The Village had the following other Special Revenue Funds:

State Highway Fund
Permissive Motor Vehicle License Fund
American Rescue Plan Fund
Enforcement and Education Fund

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

Electric Operating Fund This fund accounts for the provision of electric services to the residential and commercial users within the Village.

Water Operating Fund This fund accounts for the provision of water services to the residential and commercial users within the Village.

The Village had the following other Enterprise Funds:

Sewer Operating Fund
Electric Consumer Deposit Fund

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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

The Ohio Revised Code requires that each fund.

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

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

Village of South Vienna, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year.

A summary of 2023 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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

See Note 5 for detail on the Village's deposits and investments.

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.

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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.

Village of South Vienna, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

Note 3 – Compliance

Contrary to Ohio Law, the Village did not file their appropriations with the County for 2023. In addition, the Village did not obtain a reduced amended certificate of estimated resources or reduce appropriations when actual receipts were significantly below estimated receipts.

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted	Actual	Variance
	Receipts	Receipts	
General	\$375,984	\$305,373	(\$70,611)
Special Revenue	296,689	43,756	(252,933)
Enterprise	2,509,656	1,198,922	(1,310,734)
Total	<u>\$3,182,329</u>	<u>\$1,548,051</u>	<u>(\$1,634,278)</u>

Village of South Vienna, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

Note 4 – Budgetary Activity (Continued)

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$383,045	\$233,824	\$149,221
Special Revenue	222,100	2,795	219,305
Enterprise	1,436,050	1,027,950	408,100
Total	<u>\$2,041,195</u>	<u>\$1,264,569</u>	<u>\$776,626</u>

Note 5 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	2023
<i>Cash Management Pool:</i>	
Demand deposits	\$799,019
Other time deposits (Money Market account)	1,019,967
Total deposits	<u>\$1,818,986</u>
STAR Ohio	1,126,451
Total investments	<u>\$1,126,451</u>
Total carrying amount of deposits and investments held in the Pool	<u><u>\$2,945,437.00</u></u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings.

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.

Investments

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Village of South Vienna, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

Income Taxes

In 2016, Village Council passed a municipal income tax of 1.00 percent, which was effective January 1, 2017. The Regional Income Tax Authority has been contracted to collect and distribute the tax for 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>2023</u>
Cash and investments	\$ 43,996,442
Actuarial liabilities	\$ 19,743,401

Village of South Vienna, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

Note 7 – Risk Management (Continued)

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Note 10 – Debt

The Village is a member of American Municipal Power (AMP) and was a participant in the American Municipal Power Generating Station Project (the "AMPGS Project"). The Village executed a take-or-pay contract on November 1, 2007 in order to participate in the AMPGS Project, which was intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share of the AMPGS Project was 426 kilowatts out of a total 771,281 kilowatts, giving the Village a 0.06 percent share. The take-or-pay contracts signed by the Village and other AMPGS Project participants obligated these entities to pay any costs incurred for the AMPGS Project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed impaired and the participants of the AMPGS Project were obligated to pay the costs already incurred. In prior years, the eventual payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. However, as a result of a March 31, 2014 legal ruling, on April 16, 2014 the AMP Board of Trustees and the AMPGS Project participants approved the collection of the impaired costs. AMP then provided each AMPGS Project participant with an estimate of its individual liability.

Village of South Vienna, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

Note 10 – Debt (Continued)

The Village's estimated share of the impaired costs at March 31, 2014 was \$73,613. The Village received a credit of \$32,239 related to their participation in the AMP Fremont Energy Center (AFEC) Project and a credit of \$19,266 related to the AMPGS costs deemed to have future benefit for the project participants, classified as Plant Held for Future Use (PHFU), leaving an estimated net impaired costs balance of \$22,108. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's net impaired cost balance either positively or negatively. These amounts will be recorded as they become estimable.

In late 2016, AMP reached a Settlement in the Bechtel Corporation litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement among the participants and the AMP General Fund based on each participant's original project share in kW including the AMP General Fund's project share.

Since March 31, 2014 the Village has made payments of \$22,968 to AMP toward its net impaired cost estimate. Also, since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$909 and interest expense incurred on AMP's line-of-credit of \$166, resulting in a net impaired cost estimate at December 31, 2023 of \$215. The Village does have a potential PHFU Liability of \$20,491 resulting in a net total potential liability of \$20,706, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the Village's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such as negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

OMEGA JV5 Debt

The Village paid \$8,742 in principal to OMEGA JV5 during 2023 for its proportionate share of debt obligations. The principal balance of the OMEGA JV5 debt obligation was \$25,881. At the date of this report, an amortization schedule was not available.

OWDA Debt

The Village has entered into an agreement with the Ohio Water Development Authority (OWDA) on a loan for elevated water tower rehabilitation (9930) with a maturity date of July 2043 and an interest rate of 1.90%. The Village received \$338,729 during 2023 of the loan. The loan payment started to be due this fiscal year and the Village paid \$8,532 in principal payments. No amortization schedule has been established since the project is ongoing.

The Village has entered into an agreement with the Ohio Water Development Authority (OWDA) on a loan for water treatments plant improvements/planning (10133) with a maturity date of January 2030 and an interest rate of 0.00%. The Village received \$16,035 during 2023 of the loan. No amortization schedule has been established since the project is ongoing.

Village of South Vienna, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

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 – Joint Ventures

The Village of South Vienna is a Financing Participant and an Owner Participant with percentages of liability and ownership of .12% and .09% respectively and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

Pursuant to the OMEGA JV2 Agreement (Agreement), the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP and to pay or incur the costs of the same in accordance with the Agreement. Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Distributive Generation Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. Under the terms of the Agreement each Financing Participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV2 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2023, the Village of South Vienna has met their debt coverage obligation.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. During 2018 the Village fulfilled its debt obligation in full. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

Village of South Vienna, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

Note 12 – Joint Ventures (Continued)

The following is a summary of audited financial information for the OMEGA JV2 at December 31, 2023:

	<u>OMEGA JV2</u>
Total Assets	\$ 7,258,982
Deferred Outflows	\$ 1,438,624
Total Liabilities	\$ 3,024,781
Deferred Inflows	\$ 7,642,598
Net Position	\$ (1,969,773)
Total Revenues	\$ 15,343,911
Total Expenses	\$ 16,281,222
Change in Net Position	\$ (937,311)

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2023 are:

<u>Municipality</u>	<u>Project kW</u> <u>Entitlement</u>	<u>Percent Project</u> <u>Ownership and</u> <u>Entitlement</u>	<u>Municipality</u>	<u>Project kW</u> <u>Entitlement</u>	<u>Percent Project</u> <u>Ownership and</u> <u>Entitlement</u>
Hamilton	32,000	23.87	Brewster	1,000	0.75
Bowling Green	19,198	14.32	Monroeville	764	0.57
Niles	15,400	11.48	Milan	737	0.55
Cuyahoga Falls	10,000	7.46	Oak Harbor	737	0.55
Wadsworth	7,784	5.81	Elmore	364	0.27
Painesville	7,000	5.22	Jackson Center	300	0.22
Dover	7,000	5.22	Napoleon	264	0.20
Galion	5,753	4.29	Lodi	218	0.16
Amherst	5,000	3.73	Genoa	199	0.15
St. Mary's	4,000	2.98	Pemberville	197	0.15
Montpelier	4,000	2.98	Lucas	161	0.12
Shelby	2,536	1.89	South Vienna	123	0.09
Versailles	1,660	1.24	Bradner	119	0.09
Edgerton	1,460	1.09	Woodville	81	0.06
Yellow Springs	1,408	1.05	Haskins	73	0.05
Oberlin	1,217	0.91	Arcanum	44	0.03
Pioneer	1,158	0.86	Custar*	4	0.00
Seville	1,066	0.80	Totals	134,081	100.00%
Grafton	1,056	0.79	Reserves	4,569	
			kW Capacity of the Project	138,650	

* Represents less than 0.01%

Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5)

The Village of South Vienna is a Financing Participant with an ownership percentage of .11 %, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Village of South Vienna, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

Note 12 – Joint Ventures (Continued)

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Also pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2023, South Vienna has met their debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. On January 29, 2016, OMEGA JV5 issued the 2016 Beneficial Interest Certificates ("2016 Certificates") in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs.

Village of South Vienna, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

Note 12 – Joint Ventures (Continued)

The Village's net investment to date in OMEGA JV5 was \$3,286 at December 31, 2023. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

The following is a summary of audited financial information for the OMEGA JV5 at December 31, 2023:

	<u>OMEGA JV5</u>
Total Assets	\$ 101,910,843
Total Liabilities	\$ 53,336,820
Deferred Inflows	\$ 45,586,136
Net Position	\$ 2,987,887
Total Revenues	\$ 28,244,495
Total Expenses	\$ 28,244,495
Change in Net Position \$	-

The following table show the major participants and percentage of ownership and entitlement for the OMEGA JV5:

<u>Municipality</u>	<u>Project kW</u> <u>Entitlement</u>	<u>Percent Project</u> <u>Ownership and</u> <u>Entitlement</u>
Cuyahoga Falls	7,000	16.67
Bowling Green	6,608	15.73
Niles	4,463	10.63
Napoleon	3,088	7.35
Jackson	3,000	7.14
Hudson	2,388	5.69
Wadsworth	2,360	5.62
Oberlin	1,270	3.02
New Bremen	1,000	2.38
Bryan	919	2.19
Other	9,904	23.58
Totals	42,000	100.00%

Note 13 – Fund Balances

The fund balance of special revenue funds is either restricted or committed. These restricted, committed and assigned amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned. There were no outstanding encumbrances.

Village of South Vienna, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

Note 14 – AMP Revenue Coverage

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures as described in Note 12. The Village is liable for debt related to the financing of the OMEGA joint ventures. The activity is accounted for in the Village's Electric Fund, which is reported as part of the combined Enterprise Fund Type in the financial statements. Summary financial information for the Electric Fund is presented below:

	<u>2023</u>
Total Fund Cash Balance	\$1,049,262
Total Long-Term Debt	\$25,881
Condensed Operating Information:	
Operating Receipts	
Charges for Services	\$653,765
Other Operating Receipts	<u>861</u>
Total Operating Receipts	654,626
Operating Expenses	
Personal Services	19,715
Employee Fringe Benefits	3,530
Contractual Services	412,671
Supplies and Materials	4,152
Other	<u>34,807</u>
Total Operating Expenses	474,875
Operating Income	179,751
Nonoperating Receipts (Disbursements)	
Principal Payments	(8,742)
Change in Fund Cash Balance	171,009
Beginning Fund Cash Balance	<u>878,253</u>
Ending Fund Cash Balance	<u><u>\$1,049,262</u></u>
Condensed Cash Flows Information:	
	<u>2023</u>
Net Cash Provided (Used) by:	
Operating Activities	\$179,751
Noncapital Financing Activities	
Principal Payments on Noncapital Debt	<u>(8,742)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	(8,742)
Net Increase	171,009
Beginning Fund Cash Balance	<u>878,253</u>
Ending Fund Cash Balance	<u><u>\$1,049,262</u></u>

Village of South Vienna, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2023
(Continued)

Note 15 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

Village of South Vienna, Ohio*Clark County**Combined Statement of Receipts, Disbursements**and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2022*

	General	Special Revenue	Combined Total
Cash Receipts			
Property and Other Local Taxes	\$10,998	\$9,014	\$20,012
Municipal Income Tax	202,618		202,618
Intergovernmental	8,199	46,416	54,615
Charges for Services	2,795		2,795
Fines, Licenses and Permits	12,733		12,733
Earnings on Investments	23,283	2,536	25,819
Miscellaneous	19,220		19,220
<i>Total Cash Receipts</i>	<u>279,846</u>	<u>57,966</u>	<u>337,812</u>
Cash Disbursements			
Current:			
Security of Persons and Property	89,578		89,578
Leisure Time Activities	6,938		6,938
Basic Utility Services	3,735		3,735
Transportation		11,734	11,734
General Government	168,710		168,710
Debt Service:			
Principal Retirement	6,154		6,154
Interest and Fiscal Charges	167		167
<i>Total Cash Disbursements</i>	<u>275,282</u>	<u>11,734</u>	<u>287,016</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>4,564</u>	<u>46,232</u>	<u>50,796</u>
<i>Net Change in Fund Cash Balances</i>	4,564	46,232	50,796
<i>Fund Cash Balances, January 1</i>	<u>322,625</u>	<u>263,493</u>	<u>586,118</u>
<i>Fund Cash Balances, December 31</i>	<u>\$327,189</u>	<u>\$309,725</u>	<u>\$636,914</u>

See accompanying notes to the basic financial statements

Village of South Vienna, Ohio
Clark County
Combined Statement of Receipts, Disbursements
and Change in Fund Balance (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2022

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$816,649
<i>Total Operating Cash Receipts</i>	<u>816,649</u>
Operating Cash Disbursements	
Personal Services	50,799
Employee Fringe Benefits	6,786
Contractual Services	527,937
Supplies and Materials	45,374
Other	2,131
<i>Total Operating Cash Disbursements</i>	<u>633,027</u>
<i>Operating Income</i>	<u>183,622</u>
Non-Operating Receipts (Disbursements)	
Other Debt Proceeds	5,498
Capital Outlay	(6,376)
Principal Retirement	(10,340)
Interest and Other Fiscal Charges	(5,502)
<i>Total Non-Operating (Disbursements)</i>	<u>(16,720)</u>
<i>Net Change in Fund Cash Balance</i>	166,902
<i>Fund Cash Balance, January 1</i>	<u>1,858,139</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$2,025,041</u></u>

See accompanying notes to the basic financial statements

Village of South Vienna, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of South Vienna, Clark County, (the “Village”) as a body corporate and politic. A publicly elected six-member Council directs the Village. The Village provides water, sewer and electric utilities; park operations; and police services.

Public Entity Risk Pool and Joint Ventures

The Village participates in the Public Entities Pool of Ohio (the “PEP”) which is a public entity risk pool. The PEP assumes the risk of loss up to the limits of the Village’s policy. Note 7 to the financial statements provides additional information for this entity.

The Village participates in the Ohio Municipal Electric Generation Agency Joint Venture 2 and the Ohio Municipal Electric Generation Agency Joint Venture 5 which are a joint ventures. Note 12 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types and a combined statement of receipts, disbursements and change in fund balance (regulatory cash basis) for the proprietary fund type which are all organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair 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.

Village of South Vienna, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

The Village had the following other Special Revenue Funds:

State Highway Fund
Permissive Motor Vehicle License Fund
American Rescue Plan Fund
Enforcement and Education Fund

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

Electric Operating Fund This fund accounts for the provision of electric services to the residential and commercial users within the Village.

The Village had the following other Enterprise Funds:

Water Operating Fund
Sewer Operating Fund
Electric Consumer Deposit Fund

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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) 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 or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled and reappropriated in the subsequent year.

A summary of 2022 budgetary activity appears in Note 4.

Village of South Vienna, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

See Note 5 for detail on the Village's deposits and investments.

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.

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

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

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

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

Village of South Vienna, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

Note 3 – Compliance

Contrary to Ohio Law, the Village failed to certify to the county auditor the total amount from all sources available for expenditures from each fund and approve appropriations. Additionally, contrary to Ohio Law, expenditures exceeded appropriations by \$275,282, \$11,734, and \$655,245 for the General, Special Revenue, and Enterprise fund types, respectively.

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$53,327	\$279,846	\$226,519
Special Revenue	33,200	57,966	24,766
Enterprise	651,550	822,147	170,597
Total	<u>\$738,077</u>	<u>\$1,159,959</u>	<u>\$421,882</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$275,282	(\$275,282)
Special Revenue	0	11,734	(11,734)
Enterprise	0	655,245	(655,245)
Total	<u>\$0</u>	<u>\$942,261</u>	<u>(\$942,261)</u>

Note 5 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

Village of South Vienna, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Note 5 – Deposits and Investments (Continued)

	<u>2022</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$602,040
Other time deposits (Money Market account)	<u>990,715</u>
Total deposits	<u>\$1,592,755</u>
STAR Ohio	<u>1,069,200</u>
Total investments	<u>\$1,069,200</u>
Total carrying amount of deposits and investments held in the Pool	<u>\$2,661,955</u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings.

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.

Investments

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

Income Taxes

In 2016, Village Council passed a municipal income tax of 1.00 percent, which was effective January 1, 2017. The Regional Income Tax Authority has been contracted to collect and distribute the tax for the Village.

Village of South Vienna, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

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>2022</u>
Cash and investments	\$ 42,310,794
Actuarial liabilities	\$15,724,479

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Village of South Vienna, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 10 – Debt

The Village is a member of American Municipal Power (AMP) and was a participant in the American Municipal Power Generating Station Project (the "AMPGS Project"). The Village executed a take-or-pay contract on November 1, 2007 in order to participate in the AMPGS Project, which was intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share of the AMPGS Project was 426 kilowatts out of a total 771,281 kilowatts, giving the Village a 0.06 percent share. The take-or-pay contracts signed by the Village and other AMPGS Project participants obligated these entities to pay any costs incurred for the AMPGS Project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed impaired and the participants of the AMPGS Project were obligated to pay the costs already incurred. In prior years, the eventual payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. However, as a result of a March 31, 2014 legal ruling, on April 16, 2014 the AMP Board of Trustees and the AMPGS Project participants approved the collection of the impaired costs. AMP then provided each AMPGS Project participant with an estimate of its individual liability.

The Village's estimated share of the impaired costs at March 31, 2014 was \$73,613. The Village received a credit of \$32,239 related to their participation in the AMP Fremont Energy Center (AFEC) Project and a credit of \$19,266 related to the AMPGS costs deemed to have future benefit for the project participants, classified as Plant Held for Future Use (PHFU), leaving an estimated net impaired costs balance of \$22,108. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's net impaired cost balance either positively or negatively. These amounts will be recorded as they become estimable.

In late 2016, AMP reached a Settlement in the Bechtel Corporation litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement among the participants and the AMP General Fund based on each participant's original project share in kW including the AMP General Fund's project share.

Village of South Vienna, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Note 10 – Debt (Continued)

Since March 31, 2014 the Village has made payments of \$22,968 to AMP toward its net impaired cost estimate. Also, since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$909 and interest expense incurred on AMP's line-of-credit of \$166, resulting in a net impaired cost estimate at December 31, 2022 of \$215. The Village does have a potential PHFU Liability of \$20,491 resulting in a net total potential liability of \$20,706, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the Village's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such as negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

OMEGA JV5 Debt

The Village paid \$10,340 and \$4 in principal and interest, respectively, to OMEGA JV5 during 2023 for its proportionate share of debt obligations. The principal balance of the OMEGA JV5 debt obligation is \$34,623. At the date of this report, an amortization schedule was not available.

OWDA Debt

The Village has entered into an agreement with the Ohio Water Development Authority (OWDA) on a loan for elevated water tower rehabilitation with a maturity date of July 2043 and an interest rate of 1.90%. The Village received \$5,498 during 2022 of the loan. No amortization schedule has been established since the project is ongoing.

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 – Joint Ventures

The Village of South Vienna is a Financing Participant and an Owner Participant with percentages of liability and ownership of .12% and .09% respectively and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

Pursuant to the OMEGA JV2 Agreement (Agreement), the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP and to pay or incur the costs of the same in accordance with the Agreement.

Village of South Vienna, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Note 12 – Joint Ventures (Continued)

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Distributive Generation Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. Under the terms of the Agreement each Financing Participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV2 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2022, the Village of South Vienna has met their debt coverage obligation.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. During 2018 the Village fulfilled its debt obligation in full. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

The following is a summary of audited financial information for the OMEGA JV2 at December 31, 2022:

	<u>OMEGA JV2</u>
Total Assets	\$ 10,645,812
Deferred Outflows	\$ 1,604,504
Total Liabilities	\$ 3,774,218
Deferred Inflows	\$ 9,508,560
Net Position	\$ (1,032,462)
Total Revenues	\$ 9,813,037
Total Expenses	\$ 10,320,517
Change in Net Position	\$ (507,480)

Village of South Vienna, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Note 12 – Joint Ventures (Continued)

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2022 are:

<u>Municipality</u>	<u>Project kW</u> <u>Entitlement</u>	<u>Percent Project</u> <u>Ownership and</u> <u>Entitlement</u>	<u>Municipality</u>	<u>Project kW</u> <u>Entitlement</u>	<u>Percent Project</u> <u>Ownership and</u> <u>Entitlement</u>
Hamilton	32,000	23.87	Grafton	1,056	0.79
Bowling Green	19,198	14.32	Brewster	1,000	0.75
Niles	15,400	11.48	Monroeville	764	0.57
Cuyahoga Falls	10,000	7.46	Milan	737	0.55
Wadsworth	7,784	5.81	Oak Harbor	737	0.55
Painesville	7,000	5.22	Elmore	364	0.27
Dover	7,000	5.22	Jackson Center	300	0.22
Galion	5,753	4.29	Napoleon	264	0.20
Amherst	5,000	3.73	Lodi	218	0.16
St. Mary's	4,000	2.98	Genoa	199	0.15
Montpelier	4,000	2.98	Pemberville	197	0.15
Shelby	2,536	1.89	Lucas	161	0.12
Versailles	1,660	1.24	South Vienna	123	0.09
Edgerton	1,460	1.09	Bradner	119	0.09
Yellow Springs	1,408	1.05	Woodville	81	0.06
Oberlin	1,217	0.91	Haskins	73	0.05
Pioneer	1,158	0.86	Arcanum	44	0.03
Seville	1,066	0.80	Custar*	4	0.00
		Totals		134,081	100.00%
		Reserves		4,569	
		kW Capacity of the Project		138,650	

* Represents less than 0.01%

Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5)

The Village of South Vienna is a Financing Participant with an ownership percentage of .11 %, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Village of South Vienna, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Note 12 – Joint Ventures (Continued)

Also pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2022, South Vienna has met their debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. On January 29, 2016, OMEGA JV5 issued the 2016 Beneficial Interest Certificates ("2016 Certificates") in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs.

The Village's net investment to date in OMEGA JV5 was \$3,286 at December 31, 2022. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

Village of South Vienna, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Note 12 – Joint Ventures (Continued)

The following is a summary of audited financial information for the OMEGA JV5 at December 31, 2022:

	<u>OMEGA JV5</u>
Total Assets	\$ 89,687,878
Total Liabilities	\$ 50,651,137
Deferred Inflows	\$ 36,048,854
Net Position	\$ 2,987,887
Total Revenues	\$ 21,621,972
Total Expenses	\$ 21,621,972
Change in Net Position	\$ -

The following table show the major participants and percentage of ownership and entitlement for the OMEGA JV5:

<u>Municipality</u>	<u>Project kW</u> <u>Entitlement</u>	<u>Percent Project</u> <u>Ownership and</u> <u>Entitlement</u>
Cuyahoga Falls	7,000	16.67
Bowling Green	6,608	15.73
Niles	4,463	10.63
Napoleon	3,088	7.35
Jackson	3,000	7.14
Hudson	2,388	5.69
Wadsworth	2,360	5.62
Oberlin	1,270	3.02
New Bremen	1,000	2.38
Bryan	919	2.19
Other	9,904	23.58
Totals	42,000	100.00%

Note 13 – Fund Balances

The fund balance of special revenue funds is either restricted or committed. These restricted, committed and assigned amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned. There were no outstanding encumbrances.

Village of South Vienna, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Note 14 – AMP Revenue Coverage

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures as described in Note 12. The Village is liable for debt related to the financing of the OMEGA joint ventures. The activity is accounted for in the Village's Electric Fund, which is reported as part of the combined Enterprise Fund Type in the financial statements. Summary financial information for the Electric Fund is presented below:

	2022
Total Fund Cash Balance	\$878,253
Total Long-Term Debt	\$34,623
Condensed Operating Information:	
Operating Receipts	
Charges for Services	\$634,445
Total Operating Receipts	634,445
Operating Expenses	
Personal Services	21,150
Employee Fringe Benefits	5,070
Contractual Services	420,910
Supplies and Materials	5,304
Total Operating Expenses	452,434
Operating Income	182,011
Nonoperating Receipts (Disbursements)	
Capital Outlay	(6,265)
Principal Payments	(10,340)
Interest Payments	(4)
Total Nonoperating (Disbursements)	(16,609)
Change in Fund Cash Balance	165,402
Beginning Fund Cash Balance	712,851
Ending Fund Cash Balance	\$878,253
Condensed Cash Flows Information:	2022
Net Cash Provided (Used) by:	
Operating Activities	\$182,011
Noncapital Financing Activities	
Principal Payments on Noncapital Debt	(10,340)
Interest Payments on Noncapital Debt	(4)
Other Noncapital Financing Activities	(6,265)
Net Cash Provided (Used) by Noncapital Financing Activities	(16,609)
Net Increase	165,402
Beginning Fund Cash Balance	712,851
Ending Fund Cash Balance	\$878,253

Note 15 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

Village of South Vienna, Ohio
Clark County
Notes to the Financial Statements
For the Year Ended December 31, 2022
(Continued)

Note 16 – Subsequent Event

In 2023, the Village entered into an agreement with the Ohio Water Development Authority (OWDA) on a loan for water treatments plant improvements/planning (10133) with a maturity date of January 2030 and an interest rate of 0.00%.

OHIO AUDITOR OF STATE KEITH FABER

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Columbus, Ohio 43215
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of South Vienna
Clark County
PO Box 569
South Vienna, OH 45369

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Village of South Vienna, Clark County, (the Village) and have issued our report thereon dated January 27, 2025, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2023-001 and 2023-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as 2023-001 and 2023-002.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

January 27, 2025

**VILLAGE OF SOUTH VIENNA
CLARK COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2023-001

Noncompliance and Material Weakness - Budgetary

Ohio Rev. Code § 5705.36(A)(1) provides, in part, on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget or, if adoption of a tax budget was waived under section 5705.281 of the Revised Code, from each fund created by or on behalf of the taxing authority.

Ohio Rev. Code § 5705.36(A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

Ohio Rev. Code § 5705.38 states, in part, that on or about the first day of each fiscal year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure, and thereafter during the year it may pass any supplemental appropriation measures as it finds necessary, based on the revised tax budget or the official certificate of estimated resources or amendments of the certificate. If it desires to postpone the passage of the annual appropriation measure until an amended certificate is received based on the actual year-end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses of the taxing unit until no later than the first day of April and the appropriations made in the temporary measure shall be chargeable to the appropriations in the annual appropriation measure for that fiscal year when passed. Appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and within each, the amount appropriated for personal services.

Ohio Rev. Code § 5705.40 states, in part, any appropriation ordinance or measure may be amended or supplemented, provided that such amendment or supplement shall comply with all the provisions of law governing the taxing authority in making an original appropriation and that no appropriation for any purpose shall be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations certified from or against the appropriation.

Ohio Rev. Code § 5705.41(B)(1)(b) states no subdivision or taxing unit shall make any expenditure of money unless the fiscal officer of the subdivision or taxing authority has certified the expenditure has been appropriated by the subdivision's or taxing unit's legislative authority.

Ohio Admin. Code 117-2-02(C)(1) states, in part, that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted appropriation balances. The legal level of control is the level at which spending in excess of budgeted amounts would be a violation of law. This is established by the level at which the legislative body appropriates. For all local public offices subject to the provisions of Chapter 5705. of the Revised Code, except school districts and public libraries, the minimum legal level of control is described in section 5705.38 of the Revised Code.

FINDING NUMBER 2023-001
(Continued)

Due to lack of budgetary policies and procedures, the following instances were identified:

- For 2022, the Fiscal Officer failed to certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget.
- During fiscal year 2022, the Village Council minutes did not include information of the Council members approving the appropriations nor were appropriations submitted to the County. The budgetary note has been updated to reflect zero appropriations due to lack of approval. This also resulted in expenditures exceeding appropriations by \$275,282, \$11,734, and \$655,245 for the General, Special Revenue, and Enterprise fund types, respectively.
- During fiscal year 2023, Council approved appropriations; however they were not submitted to the County.
- At December 31, 2023, actual receipts were below estimated receipts by \$70,611, \$252,933, and \$1,310,734 for the General, Special Revenue, and Enterprise fund types, respectively however, the Village did not obtain a reduced amended certificate of estimated resources and did not reduce appropriations.

The failure to approve and properly certify the budgetary documents by submitting them to the County and failure to obtain a reduced certificate of estimated resources and decrease the level of appropriations when actual revenues are below budgeted revenue can result in overspending of resources and cause deficit fund balances. The lack of Council review of accurate budget and actual activity increases the likelihood that errors or irregularities may go undetected and can also lead to the overspending of resources.

All appropriations should be filed with the County Auditor, so the appropriation measures can be certified and become legally effective. Additionally, the Village Fiscal Officer should properly post the appropriations and budgeted revenue for all funds in the accounting system to produce accurate budget to actual financial reports.

Monitoring monthly budget and actual expenditures and receipts ensures expenditures are being made in accordance with the approved budget, receipts are being received in accordance with the certificate of estimated resources, and overspending does not occur. Furthermore, the Minutes should accurately report all approvals by Village Council.

FINDING NUMBER 2023-002

Noncompliance and Material Weakness – Financial Reporting

Ohio Rev. Code § 733.28 states, in part, the village clerk shall keep the books of the village, exhibit accurate statements of all moneys received and expended, of all the property owned by the village and the income derived therefrom, and of all taxes and assessments.

Ohio Admin. Code § 117-2-02(A) states “all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.”

FINDING NUMBER 2023-002
(Continued)

Ohio Rev. Code § 5735.27(A) provides, in part, that villages are to receive tax monies from the State treasury, derived from the gasoline excise tax, to be “used to plan, construct, reconstruct, repave, widen, maintain, repair, clear, and clean public highways, roads, and streets; to maintain and repair bridges and viaducts; to purchase, erect, and maintain street and traffic signs and markers; to pay the costs apportioned to the municipal corporation under section 4907.47 of the Revised Code; to purchase, erect, and maintain traffic lights and signals; to pay the principal, interest, and charges on bonds and other obligations issued pursuant to Chapter 133. of the Revised Code or incurred pursuant to section 5531.09 of the Revised Code for the purpose of acquiring or constructing roads, highways, bridges, or viaducts or acquiring or making other highway improvements for which the municipal corporation may issue bonds; and to supplement revenue already available for these purposes.” This money should be receipted into the Street Construction, Maintenance, and Repair Fund (also referred to statutorily as the “gas excise tax fund”). Ohio Rev. Code §§ 5735.051; 5735.27.

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Village incorrectly applied the above guidance for the following posting - In 2022, the Village posted \$159 of gasoline excise tax receipts to the State Highway fund that should have been posted to the Street Construction Maintenance and Repair fund. This error was adjusted on the financial statements and accounting records.

Also in 2022, the Village improperly posted some debt payments for a police cruiser from incorrect funds which resulted in a decrease of \$2,106 from the General fund, an increase of \$702 from the Water Operating fund, an increase of \$702 from the Sewer Operating fund, and an increase of \$702 from the Electric Operating fund. Investment earnings were also improperly allocated which resulted in a decrease of \$1,704 from the Street Construction Maintenance and Repair fund, a decrease of \$3,064 from the State Highway fund, a decrease of \$2,025 from the Permissive Motor Vehicle License Tax fund, and an increase of \$6,793 to the General fund. Finally, a playground mulch expenditure was moved to be paid from a proper fund which increased the Street Construction Maintenance and Repair fund by \$2,700 and decreased the General fund in the same amount. These errors were adjusted on the financial statements and accounting records.

In 2023, the Village improperly posted Ohio Water Development Authority interest payments and debt additions. This resulted in a decrease of \$3,369 from the General fund and an increase of \$3,369 from the Sewer Operating fund. Investment earnings were also improperly allocated which resulted in a decrease of \$5,334 from the Street Construction Maintenance and Repair fund, a decrease of \$10,108 in the State Highway fund, a decrease of \$7,419 in the Permissive Motor Vehicle License Tax fund, and an increase of \$22,861 in the General fund. Finally, police wages expenditures were moved to be paid from a proper fund which decreased the General fund by \$16,544, increased the Water Operating fund by \$4,651, increased the Sewer Operating fund by \$8,382, and increased the Electric Operating fund by \$3,511. These errors were adjusted on the financial statements and accounting records.

The financial statements were also adjusted in 2023 due to the Village not recording Ohio Water Development Authority debt proceeds and the related on-behalf expenditures. This resulted in an adjustment of \$338,729 to Other Debt Proceeds and an adjustment in the same amount to Capital Outlay in the Water Operating fund. The Village also had a reclassification for AMP power billing expenditures which resulted in an increase of \$381,101 to Contractual Services and a decrease in the same amount to the Other expenditures line item in the Electric Operating fund.

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(Continued)

In addition to the adjustments and reclassifications listed above, we have also identified additional misstatements ranging from \$52 to \$12,640, which have been brought to the Village's attention. Financial statement errors resulted from misunderstanding of transactions and activities.

The failure to correctly classify financial activity in the accounting records and financial statements may impact the user's understanding of the financial operations, the Village's ability to make sound financial decisions or comply with budgetary law, and/or result in materially misstated reports.

The Village should have procedures in place to provide for accurate and complete recording of financial activity and balances in the accounting records and financial statements to assist in the effective management and reporting of financial resources.

Officials' Response:

We did not receive responses from Officials to these findings.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF SOUTH VIENNA

CLARK 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 2/11/2025

65 East State 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