

**VILLAGE OF NEW BOSTON  
SCIOTO COUNTY  
Regular Audit  
December 31, 2008 and 2007**

***Perry & Associates***  
Certified Public Accountants, A.C.





# Mary Taylor, CPA

Auditor of State

Village Council  
Village of New Boston  
3980 Rhodes Ave  
New Boston, Ohio 45662

We have reviewed the *Independent Accountants' Report* of the Village of New Boston, Scioto County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

June 12, 2009

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**VILLAGE OF NEW BOSTON  
SCIOTO COUNTY**

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***Perry & Associates***  
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**INDEPENDENT ACCOUNTANTS' REPORT**

May 19, 2009

Village of New Boston  
Scioto County  
3980 Rhodes Ave  
New Boston, Ohio 45662

To the Village Council:

We have audited the accompanying financial statements of the **Village of New Boston, Scioto County, Ohio**, (the Village) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007 or their changes in financial position or cash flows for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Village of New Boston, Scioto County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2009, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Respectfully Submitted,



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

**VILLAGE OF NEW BOSTON  
SCIOTO COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$ 290,023	\$ 114,539	\$ 15,472	\$ -	\$ 420,034
Municipal Income Taxes	1,017,684	277,248	-	85,596	1,380,528
Intergovernmental	249,299	88,887	2,368	-	340,554
Charges for Services	11,782	-	-	-	11,782
Fines, Licenses, and Permits	51,811	521	-	-	52,332
Earnings on Investments	2,482	516	-	3,299	6,297
Miscellaneous	63,137	3,753	-	-	66,890
<b>Total Cash Receipts</b>	<u>1,686,218</u>	<u>485,464</u>	<u>17,840</u>	<u>88,895</u>	<u>2,278,417</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	422,531	431,412	-	-	853,943
Public Health Services	24,549	-	-	-	24,549
Leisure Time Activities	43,774	640	-	-	44,414
Community Environment	6,300	23,265	-	-	29,565
Basic Utility Services	166,123	54,673	-	-	220,796
Transportation	45,263	97,008	-	-	142,271
General Government	909,659	6,039	290	7,848	923,836
Capital Outlay	45,000	13,774	-	211,480	270,254
Debt Service:					
Redemption of Principal	-	-	29,483	2,451	31,934
Interest and Fiscal Charges	-	-	5,942	42,165	48,107
<b>Total Cash Disbursements</b>	<u>1,663,199</u>	<u>626,811</u>	<u>35,715</u>	<u>263,944</u>	<u>2,589,669</u>
<b>Total Cash Receipts Over/(Under) Disbursements</b>	<u>23,019</u>	<u>(141,347)</u>	<u>(17,875)</u>	<u>(175,049)</u>	<u>(311,252)</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Note Proceeds	-	-	-	193,130	193,130
Other Financing Sources	-	28,594	-	-	28,594
Sale of Fixed Assets	2,000	-	-	-	2,000
Transfer-In	-	40,309	15,000	-	55,309
Transfer-Out	(55,309)	-	-	-	(55,309)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(53,309)</u>	<u>68,903</u>	<u>15,000</u>	<u>193,130</u>	<u>223,724</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(30,290)</u>	<u>(72,444)</u>	<u>(2,875)</u>	<u>18,081</u>	<u>(87,528)</u>
<b>Fund Cash Balances, January 1</b>	<u>282,030</u>	<u>413,270</u>	<u>6,836</u>	<u>223,821</u>	<u>925,957</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 251,740</u></u>	<u><u>\$ 340,826</u></u>	<u><u>\$ 3,961</u></u>	<u><u>\$ 241,902</u></u>	<u><u>\$ 838,429</u></u>
<b>Reserve for Encumbrances, December 31</b>	<u><u>\$ 3,719</u></u>	<u><u>\$ 66</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,785</u></u>

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



**VILLAGE OF NEW BOSTON  
SCIOTO COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Fiduciary Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>Private Purpose Trust</u>	<u>Agency Fund</u>	
<b>Operating Cash Receipts:</b>			
Miscellaneous	\$ 3,600	\$ -	\$ 3,600
Total Operating Revenues	<u>3,600</u>	<u>-</u>	<u>3,600</u>
<b>Operating Cash Disbursements:</b>			
Other	<u>2,961</u>	<u>-</u>	<u>2,961</u>
Total Operating Cash Disbursements	<u>2,961</u>	<u>-</u>	<u>2,961</u>
Operating Income (Loss)	<u>639</u>	<u>-</u>	<u>639</u>
<b>Non-Operating Cash Receipts/Disbursements:</b>			
Other Non-Operating Cash Receipts	-	36,298	36,298
Other Non-Operating Cash Disbursements	<u>-</u>	<u>(32,047)</u>	<u>(32,047)</u>
Total Non-Operating Cash Receipts/Disbursements	<u>-</u>	<u>4,251</u>	<u>4,251</u>
Net Receipts Over/(Under) Cash Disbursements	639	4,251	4,890
Fund Cash Balances, January 1	<u>2,013</u>	<u>144</u>	<u>2,157</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 2,652</u></u>	<u><u>\$ 4,395</u></u>	<u><u>\$ 7,047</u></u>

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

**VILLAGE OF NEW BOSTON  
SCIOTO COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$ 297,826	\$ 125,863	\$ 16,867	\$ -	\$ 440,556
Municipal Income Taxes	929,699	246,600	-	63,133	1,239,432
Intergovernmental	235,685	163,477	1,854	-	401,016
Charges for Services	12,671	-	-	-	12,671
Fines, Licenses, and Permits	38,345	1,338	-	-	39,683
Earnings on Investments	22,150	4,958	-	72	27,180
Miscellaneous	75,372	6,650	5,000	-	87,022
	<u>1,611,748</u>	<u>548,886</u>	<u>23,721</u>	<u>63,205</u>	<u>2,247,560</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	378,918	301,150	-	-	680,068
Public Health Services	25,974	-	-	-	25,974
Leisure Time Activities	15,875	555	-	-	16,430
Community Environment	-	28,737	-	-	28,737
Basic Utility Services	148,090	39,267	-	-	187,357
Transportation	14,711	81,317	-	-	96,028
General Government	912,274	975	500	6,428	920,177
Capital Outlay	-	87,469	-	791,341	878,810
Debt Service:					
Redemption of Principal	734	-	16,000	19,181	35,915
Interest and Fiscal Charges	2	-	853	2,713	3,568
	<u>1,496,578</u>	<u>539,470</u>	<u>17,353</u>	<u>819,663</u>	<u>2,873,064</u>
Total Cash Receipts Over/(Under) Disbursements	<u>115,170</u>	<u>9,416</u>	<u>6,368</u>	<u>(756,458)</u>	<u>(625,504)</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Note Proceeds	-	-	-	900,000	900,000
Other Financing Sources	-	30,992	-	-	30,992
Sale of Fixed Assets	400	-	-	-	400
Transfer-In	-	13,092	-	-	13,092
Transfer-Out	(13,092)	-	-	-	(13,092)
	<u>(12,692)</u>	<u>44,084</u>	<u>-</u>	<u>900,000</u>	<u>931,392</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	102,478	53,500	6,368	143,542	305,888
Fund Cash Balances, January 1 (restated- See Note 2)	<u>179,552</u>	<u>359,770</u>	<u>468</u>	<u>80,279</u>	<u>620,069</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 282,030</u></b>	<b><u>\$ 413,270</u></b>	<b><u>\$ 6,836</u></b>	<b><u>\$ 223,821</u></b>	<b><u>\$ 925,957</u></b>
Reserve for Encumbrances, December 31	<u>\$ 6,639</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,639</u>

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

**VILLAGE OF NEW BOSTON  
SCIOTO COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Fiduciary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Private Purpose Trust</u>	<u>Agency Fund</u>	
<b>Operating Cash Receipts:</b>			
Miscellaneous	\$ 1,819	\$ -	\$ 1,819
Total Operating Revenues	<u>1,819</u>	<u>-</u>	<u>1,819</u>
<b>Operating Cash Disbursements:</b>			
Other	<u>2,420</u>	<u>-</u>	<u>2,420</u>
Total Operating Cash Disbursements	<u>2,420</u>	<u>-</u>	<u>2,420</u>
Operating Income (Loss)	<u>(601)</u>	<u>-</u>	<u>(601)</u>
<b>Non-Operating Cash Receipts/Disbursements:</b>			
Other Non-Operating Cash Receipts	-	18,726	18,726
Other Non-Operating Cash Disbursements	<u>-</u>	<u>(19,476)</u>	<u>(19,476)</u>
Total Non-Operating Cash Receipts/Disbursements	<u>-</u>	<u>(750)</u>	<u>(750)</u>
Net Receipts Over/(Under) Cash Disbursements	(601)	(750)	(1,351)
Fund Cash Balances, January 1 (Restated-See Note 2)	<u>2,614</u>	<u>894</u>	<u>3,508</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 2,013</u></u>	<u><u>\$ 144</u></u>	<u><u>\$ 2,157</u></u>

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

**VILLAGE OF NEW BOSTON  
SCIOTO COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of New Boston, Scioto County (the Village), as a body corporate and politic. A publicly elected six-member Council governs the Village. The Village Provides services that include maintenance of streets and highways, fire protection, police services, garbage services, and park operations.

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

**B. Basis of Accounting**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 the Auditor of State prescribes.

**C. Cash and Investments**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**VILLAGE OF NEW BOSTON  
SCIOTO COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

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

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

Safety Tax Fund – This fund receives municipal income tax money for police salaries.

Fire Pumper Grant Fund – This fund received federal money for the purpose of a new Fire Truck.

Fire Tax Levy Fund – This fund receives tax money to provide fire protection for village residents.

**3. Debt Service Funds**

The Debt Service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following Debt Service Fund:

General Obligation Fund – This receives tax levy monies and other intergovernmental revenues to pay principal and interest due on the general obligation note.

**4. Capital Project Funds**

The Capital Project Fund is used to account for receipts and disbursements restricted for the acquisition or construction of major capital projects (except those financed through trust funds). The Village had the following Capital Projects Funds:

Capital Improvement Fund – This fund receives municipal income tax money to fund capital acquisitions and improvements for the Village.

TIF Fund – This fund receives money to fund development in the Village.

**5. Fiduciary Funds (Agency Funds)**

Fiduciary funds include private purpose trust funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Funds:

**VILLAGE OF NEW BOSTON  
SCIOTO COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**5. Fiduciary Funds (Agency Funds) (Continued)**

Warren Trust Fund – This fund was established to account for assets held under a trust agreement for a specific individual.

Mayor's Court Fund – This fund accounts for the financial activity of Mayor's Court and is classified as an Agency Fund.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2008 and 2007 budgetary activity appears in Note 4.

VILLAGE OF NEW BOSTON  
SCIOTO COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

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

2. FUND BALANCE ADJUSTMENT

The police and fire pension funds were moved from the expendable trust fund to the special revenue fund for 2007. The fund balance of \$65,205 was reclassified from the Expendable Trust fund to the Special revenue fund type.

3. EQUITY IN POOLED CASH

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

	<u>2008</u>	<u>2007</u>
Demand deposits	<u>\$845,476</u>	<u>\$928,114</u>

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

**VILLAGE OF NEW BOSTON  
SCIOTO COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**4. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,547,152	\$1,688,218	\$141,066
Special Revenue	501,127	554,367	53,240
Debt Service	30,164	32,840	2,676
Capital Projects	240,130	282,025	41,895
Private Purpose Trust	1,000	3,600	2,600
Total	\$2,319,573	\$2,561,050	\$241,477

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,762,610	\$1,722,227	\$40,383
Special Revenue	770,183	626,877	143,306
Debt Service	36,727	35,715	1,012
Capital Projects	270,400	263,944	6,456
Private Purpose Trust	2,989	2,961	28
Total	\$2,842,909	\$2,651,724	\$191,185

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,485,036	\$1,612,148	\$127,112
Special Revenue	552,989	592,970	39,981
Debt Service	12,000	23,721	11,721
Capital Projects	927,072	963,205	36,133
Private Purpose Trust	1,000	1,819	819
Total	\$2,978,097	\$3,193,863	\$215,766

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,660,752	\$1,516,309	\$144,443
Special Revenue	664,122	539,470	124,652
Debt Service	23,721	17,353	6,368
Capital Projects	946,072	819,663	126,409
Private Purpose Trust	2,420	2,420	0
Total	\$3,297,087	\$2,895,215	\$401,872

Contrary to Ohio Rev. Code Section 5705.41 (D), the certification of availability of unencumbered appropriations for expenditure was not obtained for 29% of expenditures tested during 2007 and 57% of expenditures testing during 2008.



**VILLAGE OF NEW BOSTON  
SCIOTO COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**5. DEBT**

Debt outstanding at December 31, 2008 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
Street Improvement Notes Series 2008	\$ 900,000	4.50%
Loan: Street Equipment	161,196	4.52%
Total	\$ 1,061,196	

The Street Improvement Notes were for a Development Project that would improve streets for new development. The Notes were issued in 2007 with an interest rate of 4.5%. The Notes are payable once a year with interest due yearly. The Notes are to be paid down every year for 10 years.

The Street Equipment loan was for three Pickup Trucks, one dump truck, and a street sweeper. The loan was issued in 2008 with an interest rate of 4.52% with principal and interest payments of \$3,613 due monthly.

The Village paid off the general obligation bond that was originally issued in the amount of \$160,000 to finance the construction of paving certain Road and Alleys.

The Village paid off two loans that were originally issued in the amount of \$102,700. These loans were for the purchase of a Vac truck and renovations to the community building.

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

<u>December 31:</u>	<u>Improvement</u>	<u>Equipment</u>
2009	\$ 940,500	\$ 43,360
2010	0	43,360
2011	0	43,360
2012	0	43,360
2013	0	3,613
	\$ 940,500	\$ 177,053

**6. LEASE OBLIGATION**

The Village entered into a 3 year lease with a monthly payment of \$225.75 for the acquisition of new mayor's court software. This lease required the Village to make payments monthly beginning in March of 2008 until paid in full in 2009. The Village made payments totaling \$2,358 during the audit period. After the last payment in 2009, ownership will be transferred to the Village.

The Village entered into a 3 year lease with a monthly payment of \$307 for the acquisition of a new voice recording 911 system. This lease required the Village to make payments monthly beginning in July 2008 until paid in full in 2009. The Village made payments totaling \$2,149 during the audit period. After the last payment in 2009, ownership will be transferred to the Village.

**VILLAGE OF NEW BOSTON  
SCIOTO COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**((Continued))**

**7. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**8. LOCAL INCOME TAX**

The Village levies a municipal income tax of 2.5 percent on substantially all earned income arising from employment, residency, or business, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**9. RETIREMENT SYSTEMS**

The Village's law enforcement officers and firefighters belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees and elected officials belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS are cost-sharing, multi-employer plans. These plans provide retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2008 and 2007, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages and 24% of fire participant wages. Members of OPERS contributed 10% and 9.5%, respectively, of their gross salaries. The Village contributed an amount equal to 14% of participants' gross salaries in 2008 and 13.85% in 2007. The Village has paid all contributions required through December 31, 2008.

**VILLAGE OF NEW BOSTON  
SCIOTO COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**((Continued))**

**10. RISK MANAGEMENT**

The Village is a member of the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio political subdivisions. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member political subdivisions pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty Coverage** PEP retains up to \$350,000 per claim, including loss adjustment expenses. PEP makes an annual contribution to APEEP. APEEP reinsures casualty claims exceeding \$350,000, up to \$2,650,000 per claim and \$5,000,000 in the aggregate per year. If losses exhaust PEP's net assets, APEEP covers PEP's retained casualty risk up to \$10,000,000 per year, subject to a per-claim limit of \$3,000,000. Local political subdivisions can elect additional coverage, up to a limit of \$12,000,000 from the General Reinsurance Corporation.

**Property Coverage** PEP retains property risks, including automobile physical damage, up to \$100,000 in any one occurrence. APEEP reinsures property losses that are greater than \$100,000 up to \$250,000 per occurrence. The Travelers Indemnity Company reinsures losses exceeding \$250,000 up to \$600,000,000 per occurrence.

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

**11. CONTINGENT LIABILITIES**

**A. Grants**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. Grantors 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.

***Perry & Associates***  
Certified Public Accountants, A.C.

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

May 19, 2009

Village of New Boston  
Scioto County  
3980 Rhodes Ave  
New Boston, Ohio 45662

To the Village Council:

We have audited the financial statements of the **Village of New Boston, Scioto County, Ohio** (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated May 19, 2009, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

### **Internal Control Over Financial Reporting (Continued)**

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2008-001 through 2008-003.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe significant deficiency 2008-001 described above is a material weakness.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated May 19, 2009.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed one instance of noncompliance or other matter that we must report under *Government Auditing Standard* which is described in the accompanying schedule of findings as item 2008-003.

This report is intended solely for the information and use of management and Village Council and is not intended to be, and should not be used by anyone other than these specified parties.

Respectfully Submitted,



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

**VILLAGE OF NEW BOSTON  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 and 2007**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2008-001**

**Significant Deficiency/Material Weakness**

**Accounting for Receipts and Expenditures**

Monitoring controls are procedures and supervisory activities performed by management to help ensure that management's objectives are being achieved, including the objective of assuring accurate and reliable financial reports for external reporting purposes. Effective monitoring controls should enable management to identify misclassifications, errors, and omissions in financial reports.

The Clerk did not accurately post all receipts and expenditures to the Village's accounting ledgers. The following posting errors were noted:

- Property Tax Rollback revenues were improperly posted to property and other local taxes rather than intergovernmental receipts.
- Mayor's Court receipts were not accounted for on the Village's accounting system.
- Debt payments were improperly posted to capital outlay rather than redemption of principal and interest and other fiscal charges.

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

We also recommend the Clerk refer to the Village Handbook for guidance to determine the proper classification of receipts and expenditures.

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

**FINDING NUMBER 2008-002**

**Significant Deficiency**

**Posting Estimated Revenues and Appropriations**

The Village did not have a control procedure in place to ensure that appropriations and estimated receipts, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in incorrect amounts posted to the accounting system and information available to Village officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. Adjustments were made to the budgetary activity reported in Note 4 to the financial statements in order to accurately present estimated receipts as Certified by the County Budget Commission.

**VILLAGE OF NEW BOSTON  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 and 2007**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2008-002 (Continued)**

**Significant Deficiency (Continued)**

**Posting Estimated Revenues and Appropriations (Continued)**

We recommend the Village implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

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

**FINDING NUMBER 2008-003**

**Noncompliance Citation/ Significant Deficiency**

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

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

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

**VILLAGE OF NEW BOSTON  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 and 2007**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2008-003 (Continued)**

**Ohio Revised Code § 5705.41(D) (Continued)**

2. Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
  
3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for 57% and 29% of the expenditures tested during 2008 and 2007, respectively. In addition there was no evidence that the Village followed the aforementioned exceptions.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village’s funds exceeding budgetary spending limitations, we recommend that the Clerk certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, “then and now” certification should be used.

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



**VILLAGE OF NEW BOSTON  
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Posting Revenues and Expenditures – Improper posting of receipts and expenditures	No	Not Corrected, Repeated as part of finding 2008-001
2006-002	Posting Estimated Revenues and Appropriations – Didn't post correct amounts to the Villages system	No	Not Corrected, Repeated as part of finding 2008-002
2006-003	ORC Section 2743.70 and 2949.091 – Failure for Mayor's Court to submit moneys to the State	Yes	N/A
2006-004	ORC 5705.39 – Appropriations from each fund exceeded estimated resources	Yes	N/A
2006-005	ORC 733.40 – Failure for Mayor's Court to submit moneys to the Village	Yes	N/A
2006-006	ORC 5705.41(B) – Expenditures exceeded appropriations	Yes	N/A





**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF NEW BOSTON**

**SCIOTO COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 25, 2009**