



**Auditor of State
Betty Montgomery**

VILLAGE OF NEW VIENNA
CLINTON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2003.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary Fund Types - For the Year Ended December 31, 2003.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2002.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary Fund Types - For the Year Ended December 31, 2002.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	17
Schedule of Findings	19
Schedule of Prior Audit Findings	27

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We were engaged to audit the accompanying financial statements of the Village of New Vienna, Clinton County, Ohio (the Village), as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Village's management.

The Village management declined to provide written representations related to the financial statements; completeness of information; and recognition, measurement and disclosure of misstatements, fraud, unasserted claims, undisclosed liabilities and violations of laws and regulations.

The Village's legal counsel has not responded to the letter of audit inquiry required by AICPA Statements on Auditing Standards No. 12 concerning any pending or threatened litigation, contractually assumed obligations, and unasserted claims and assessments against the Village of New Vienna.

The Village did not provide sufficient documentation supporting the General Fund Miscellaneous receipts for 2003 and 2002, and the Mayor's Court receipts as recorded in the Agency Fund during 2003 and 2002. Without this evidential matter, we were unable to obtain sufficient information regarding the receipts recorded for the General Fund and the Agency Fund, or to satisfy ourselves regarding the validity of the underlying transactions through other auditing procedures. Miscellaneous receipts represent 38% of the General Fund receipts and Mayor's Court receipts represent 100% of receipts recorded in the Agency Fund.

The Village's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

As described in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

The Village has experienced losses in the General Fund. The General Fund deficit at December 31, 2003 was (\$29,460). Note 11 discusses this deficit and management's plans to address the deficit.

Since management did not provide the written representations auditing standards generally accepted in the United States requires, we are unable to express and do not express, an opinion on the Village's financial statements for the years ended December 31, 2003 and 2002.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2004 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 grants. That report is an integral part of an engagement performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our engagement.

This report is intended solely for the information and use of management, Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

October 13, 2004

**VILLAGE OF NEW VIENNA
CLINTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Property Tax and Other Local Taxes	\$30,178	\$34,460	\$64,638
Intergovernmental Receipts	53,610	41,383	94,993
Fines, Licenses, and Permits	27,702	0	27,702
Earnings on Investments	709	182	891
Miscellaneous	18,990	660	19,650
	<u>131,189</u>	<u>76,685</u>	<u>207,874</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	11,209	104,236	115,445
Basic Utility Services	2,109	0	2,109
Transportation	0	40,855	40,855
General Government	102,700	0	102,700
Debt Service:			
Principal Payments	6,052	0	6,052
Interest Payments	668	0	668
	<u>122,738</u>	<u>145,091</u>	<u>267,829</u>
Total Cash Disbursements	<u>122,738</u>	<u>145,091</u>	<u>267,829</u>
Total Receipts Over/(Under) Disbursements	<u>8,451</u>	<u>(68,406)</u>	<u>(59,955)</u>
Other Financing Receipts and (Disbursements):			
Transfers-In	10,000	59,300	69,300
Transfers-Out	(59,300)	0	(59,300)
	<u>(49,300)</u>	<u>59,300</u>	<u>10,000</u>
Total Other Financing Receipts/(Disbursements)	<u>(49,300)</u>	<u>59,300</u>	<u>10,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(40,849)	(9,106)	(49,955)
Fund Cash Balances, January 1	11,389	27,947	39,336
Fund Cash Balances, December 31	<u>(\$29,460)</u>	<u>\$18,841</u>	<u>(\$10,619)</u>
Reserves for Encumbrances, December 31	<u>\$129</u>	<u>\$39</u>	<u>\$168</u>

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

**VILLAGE OF NEW VIENNA
CLINTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$344,989	\$0	\$344,989
Miscellaneous	1,155	0	1,155
	<u>346,144</u>	<u>0</u>	<u>346,144</u>
Total Operating Cash Receipts			
Operating Cash Disbursements:			
Personal Services	38,145	0	38,145
Fringe Benefits	2,102	0	2,102
Contractual Services	272,551	0	272,551
Supplies and Materials	37,780	0	37,780
Other	3,912	0	3,912
Capital Outlay	259,068	0	259,068
	<u>613,558</u>	<u>0</u>	<u>613,558</u>
Total Operating Cash Disbursements			
Operating Income/(Loss)	<u>(267,414)</u>	<u>0</u>	<u>(267,414)</u>
Non-Operating Cash Receipts:			
Court Collections	0	36,326	36,326
Intergovernmental Receipts	238,812	0	238,812
Proceeds from Notes and Bonds	133,206	0	133,206
	<u>372,018</u>	<u>36,326</u>	<u>408,344</u>
Total Non-Operating Cash Receipts			
Non-Operating Cash Disbursements:			
Court Distributions	0	34,779	34,779
Reemption of Principal	42,661	0	42,661
Interest and Other Fiscal Charges	63,228	0	63,228
	<u>105,889</u>	<u>34,779</u>	<u>140,668</u>
Total Non-Operating Cash Disbursements			
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(1,285)	1,547	262
Transfers-In	99,685	0	99,685
Transfers-Out	<u>(109,685)</u>	<u>0</u>	<u>(109,685)</u>
Net Receipts Over/(Under) Disbursements	(11,285)	1,547	(9,738)
Fund Cash Balances, January 1	<u>173,363</u>	<u>1,987</u>	<u>175,350</u>
Fund Cash Balances, December 31	<u>\$162,078</u>	<u>\$3,534</u>	<u>\$165,612</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**VILLAGE OF NEW VIENNA
CLINTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Property Tax and Other Local Taxes	\$26,680	\$31,630	\$58,310
Intergovernmental Receipts	43,696	34,401	78,097
Fines, Licenses, and Permits	39,489	0	39,489
Earnings on Investments	1,728	516	2,244
Miscellaneous	9,237	725	9,962
	<u>120,830</u>	<u>67,272</u>	<u>188,102</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	4,958	113,468	118,426
Basic Utility Services	1,970	0	1,970
Transportation	0	72,982	72,982
General Government	93,997	0	93,997
Debt Service:			
Principal Payments	5,657	0	5,657
Interest Payments	1,061	0	1,061
	<u>107,643</u>	<u>186,450</u>	<u>294,093</u>
Total Receipts Over/(Under) Disbursements	<u>13,187</u>	<u>(119,178)</u>	<u>(105,991)</u>
Other Financing Receipts and (Disbursements):			
Transfers-In	15,000	77,414	92,414
Transfers-Out	(77,414)	0	(77,414)
	<u>(62,414)</u>	<u>77,414</u>	<u>15,000</u>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(49,227)	(41,764)	(90,991)
Fund Cash Balances, January 1	<u>60,616</u>	<u>69,711</u>	<u>130,327</u>
Fund Cash Balances, December 31	<u>\$11,389</u>	<u>\$27,947</u>	<u>\$39,336</u>
Reserves for Encumbrances, December 31	<u>\$9,185</u>	<u>\$383</u>	<u>\$9,568</u>

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

**VILLAGE OF NEW VIENNA
CLINTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$343,725	\$0	\$343,725
Miscellaneous	10,210	0	10,210
	<u>353,935</u>	<u>0</u>	<u>353,935</u>
Operating Cash Disbursements:			
Personal Services	29,115	0	29,115
Fringe Benefits	1,519	0	1,519
Contractual Services	186,140	0	186,140
Supplies and Materials	59,568	0	59,568
Other	6,081	0	6,081
Capital Outlay	403,285	0	403,285
	<u>685,708</u>	<u>0</u>	<u>685,708</u>
Operating (Loss)	<u>(331,773)</u>	<u>0</u>	<u>(331,773)</u>
Non-Operating Cash Receipts:			
Court Collections	0	31,398	31,398
Proceeds from Notes and Bonds	369,319	0	369,319
	<u>369,319</u>	<u>31,398</u>	<u>400,717</u>
Non-Operating Cash Disbursements:			
Court Distributions	0	33,764	33,764
Redemption of Principal	55,473	0	55,473
Interest and Other Fiscal Charges	54,652	0	54,652
	<u>110,125</u>	<u>33,764</u>	<u>143,889</u>
Excess of Receipts (Under) Disbursements Before Interfund Transfers	(72,579)	(2,366)	(74,945)
Transfers-In	113,378	0	113,378
Transfers-Out	<u>(128,378)</u>	<u>0</u>	<u>(128,378)</u>
Net Receipts (Under) Disbursements	(87,579)	(2,366)	(89,945)
Fund Cash Balances, January 1	<u>260,942</u>	<u>4,353</u>	<u>265,295</u>
Fund Cash Balances, December 31	<u>\$173,363</u>	<u>\$1,987</u>	<u>\$175,350</u>
Reserve for Encumbrances, December 31	<u>\$112</u>	<u>\$0</u>	<u>\$112</u>

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

**VILLAGE OF NEW VIENNA
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of New Vienna, Clinton County, Ohio (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water and sewer utilities, and refuse collection services. The Village operates a police department to provide security of persons and property.

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 basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. 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, as prescribed or permitted by the Auditor of State.

C. Cash and Deposits

Village funds are deposited in a checking account and CD's at a local commercial bank. Interest income is distributed to Village funds based upon the Ohio Constitution. Certificates of deposit are valued at cost.

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.

2. Special Revenue Fund

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 had 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.

**VILLAGE OF NEW VIENNA
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Trash Fund – This fund receives charges for services from residents to cover the cost of providing trash pick up.

Enterprise Debt Service Fund - This fund receives a portion of charges for services from the residents to repay the debt issued with the construction of the water tower. See Note 5.

Enterprise Improvement Fund - This fund receives loan proceeds from the Ohio Water Development Authority to finance a utility plant upgrade.

4. Fiduciary Fund (Agency Fund)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following agency fund:

Mayor's Court Agency Fund - The Village acts in an agency capacity and accounts for fines collected by the Mayor's Court and distributed to the Village and State agencies.

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 fund, function or object level of control, and appropriations may not exceed estimated resources. The 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.

**VILLAGE OF NEW VIENNA
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2003 and 2002 budgetary activity appears in Note 3.

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. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH AND DEPOSITS

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

	<u>2003</u>	<u>2002</u>
Total deposits	<u>\$154,993</u>	<u>\$214,686</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation for \$100,000 and collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF NEW VIENNA
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$142,000	\$132,189	(\$9,811)
Special Revenue Fund	105,700	135,985	30,285
Enterprise Fund	971,000	817,847	(153,153)
Total	\$1,218,700	\$1,086,021	(\$132,679)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	\$231,224	\$182,167	\$49,057
Special Revenue Fund	178,505	145,130	33,375
Enterprise Fund	1,287,059	829,132	457,927
Total	\$1,696,788	\$1,156,429	\$540,359

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$187,884	\$135,830	(\$52,054)
Special Revenue Fund	88,234	144,686	56,452
Enterprise Fund	1,143,500	836,632	(306,868)
Total	\$1,419,618	\$1,117,148	(\$302,470)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	\$234,494	\$194,242	\$40,252
Special Revenue Fund	131,793	186,833	(55,040)
Enterprise Fund	1,551,313	924,323	626,990
Total	\$1,917,600	\$1,305,398	\$612,202

During 2003, appropriations exceeded estimated resources in all funds. During 2002, appropriations exceeded estimated resources in the COPS Fast Grant Fund and the Sewer and Water Debt Service Funds contrary to Ohio law.

During 2003, disbursements exceeded appropriations in the Water Improvement Fund. During 2002, disbursements exceeded appropriations in the Street Construction Maintenance Fund, the Police Levy Fund, the Sewer Fund and the Sewer Debt Service Fund contrary to Ohio law.

The Village did not obtain prior certification of the availability of funds from the fiscal officer for all commitments.

**VILLAGE OF NEW VIENNA
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

4. 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 payments, the first half is due December 31. The second half payment is due the following June 20.

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.

5. DEBT

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Sewer Improvement Loan	\$ 210,038	2.00%
First Mortgage Water Revenue Loan	311,000	5.00%
First Mortgage Sewer Revenue Loan	532,000	5.00%
Crown Victoria Note	6,459	6.75%
National Bank and Trust Backhoe Loan	39,141	5.80%
Ohio Water Development Authority Water System Improvement Loan	190,000	5.14%
Ohio Water Development Authority Sewer Planning and Design Loan	187,600	5.65%
Ohio Water Development Authority Sewer Construction Loan	196,596	5.74%
Ohio Public Works Commission Water System Repair and Replacement Loan	100,000	0.00%
	<u>\$1,772,834</u>	

Ohio Water Development Authority Sewer Improvement Loan:

This loan was in addition to the loan with FmHa for sewer construction. This loan was established in June 1987 with interest payments due the first two years and principal and interest payments for the next thirty eight years. The loan was initiated in the amount of \$456,505 at 2% interest with semi-annual payments (January 1st and July 1st). Loan repayments were made through the Enterprise Sewer Debt Service Fund.

**VILLAGE OF NEW VIENNA
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

5. DEBT (Continued)

First Mortgage Water Revenue Loan (FmHA):

This loan was initiated in October 1984 for \$416,000 at 5% interest from Farmer=s Home Administration (FmHA). This was a forty year loan to be paid in annual payments of principal and interest. The loan agreement requires that a reserve fund be established equal to one annual payment. This reserve fund was to be funded at the rate of 1/10th of an annual payment per year for 10 years. The Village has not established this reserve fund, in violation of the loan agreement. Repayment of this debt was made through the Enterprise Water Debt Service Fund in annual payments of principal and interest. Final payment will be in the year 2024 if no early payments are made.

First Mortgage Sewer System Revenue Loan:

This loan was initiated in October 1988 in the amount of \$638,000 at 5% interest for a term of forty years. The loan was acquired for the purpose of constructing the wastewater treatment plant and sewer lines throughout the Village. Repayment of this debt was made through the Enterprise Sewer Debt Service Fund in annual payments of principal and interest. A reserve fund was required to be established equal to one annual payment. The Village established a reserve fund, but has not paid the required payment into the fund contrary to the loan agreement. Final payment will be in the year 2028 if no early payments are made.

2000 Crown Victoria Note:

During December 2000, the Village signed a note for \$23,457 with National Bank and Trust to finance the purchase of a 2000 Crown Victoria automobile to be used for the Village's police department. The loan is to be repaid at 6.75% interest over four years with final loan payment in December 2004. Monthly payments of \$560 are being made from the General Fund. The note is secured by the 2000 Crown Victoria. The Village paid the balance of the note in January 2004.

2001 National Bank and Trust Backhoe Note:

On September 10, 2001, a note was issued for \$46,402 from the National Bank and Trust at an interest rate of 5.8%. The purpose of this note was to finance the purchase of a backhoe. Repayments began on March 10, 2002 in the amount of \$3,102 for a total of ten payments. Payments will be due on the 10th day of each subsequent September and March. On September 10, 2006 the final payment of the entire unpaid balance of principal and interest will be due. Loan repayments will be made from the Enterprise Water and Sewer Debt Service Funds with 25% of the payment being made from Water and the remaining 75% from Sewer. Payment percentages were based upon actual usage of the equipment. This note is collateralized by a Certificate of Deposit held by the Village.

**VILLAGE OF NEW VIENNA
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

5. DEBT (Continued)

Ohio Water Development Authority Water System Improvements Loan:

This loan was approved on September 26, 2002 in the amount of \$190,000 at 5.14 % interest. The Emergency Village Capital Improvement Special Account loan (EVCISA) and the OWDA Water Planning and Design loan were rolled into the Water System Improvement loan during 2002. The new loan was acquired for the purpose of making improvements to the Village's water system. The loan is to be repaid in equal semi-annual payments (January 1 and July 1) beginning on July 1, 2004. Repayments are to be made through the Enterprise Sewer Debt Service Fund.

Ohio Water Development Authority Sewer Planning and Design Loan:

This loan was approved on June 28, 2001 up to the amount of \$187,600 at 5.65% interest. The loan is set up to be a one-time, balloon payment with the loan amount and interest due and payable on July 1, 2006. However, this loan will be rolled over into a new loan once the project is complete.

Ohio Water Development Authority Sewer Construction Loan:

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project. The loan was approved on July 1, 2001 in the amount of \$196,685 at 5.74% interest for a term of thirty years. The loan was acquired for the purpose of construction and rehabilitation of three pump stations. The loan is to be repaid in equal payments over the thirty year repayment term commencing January 1, 2003. The loan is to be repaid through the Enterprise Sewer Debt Service Fund with revenues from all sewer facilities promised as repayment for the project.

Ohio Public Works Commission Loan:

This loan was part of a grant/loan acquired through the OPWC's State Capital Improvement Program for a Water System Repair and Replacement project. The project agreement was approved on July 1, 2002. The Village will receive \$200,000 in the form of a grant and \$100,000 in the form of a 0%, 20 year loan. The purpose of the grant/loan was to extend current waterlines, add a booster station, and make upgrades to the water treatment plant. Repayment of the loan will be in equal, semi-annual payments from the Enterprise Water Debt Service Fund with a start date to coincide with the completion date of the project.

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

**VILLAGE OF NEW VIENNA
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

5. DEBT (Continued)

Year ending December 31:	OWDA Sewer Improvement Loan	First Mortgage Water Revenue	First Mortgage Sewer Revenue	Crown Victoria Note
2004	\$ 23,382	\$ 24,550	\$ 37,600	\$ 6,500
2005	23,382	24,100	38,050	-
2006	23,382	24,650	37,450	-
2007	23,382	24,150	37,850	-
2008	23,382	24,650	38,200	-
Subsequent	<u>116,912</u>	<u>386,850</u>	<u>754,750</u>	-
Total	<u>\$ 233,822</u>	<u>\$ 508,950</u>	<u>\$ 943,900</u>	<u>\$ 6,500</u>

Year ending December 31:	John Deere Backhoe Note	OWDA Water System Improvement Loan	OWDA Sewer Planning Loan	OWDA Sewer Construction Loan
2004	\$ 6,204	\$ 6,246	\$ -	\$ 14,105
2005	6,204	12,491	-	14,105
2006	32,744	12,491	243,098	14,105
2007	-	12,491	-	14,105
2008	-	12,491	-	14,105
Subsequent	-	<u>318,522</u>	-	<u>331,152</u>
Total	<u>\$ 45,152</u>	<u>\$ 374,732</u>	<u>\$ 243,098</u>	<u>\$ 401,677</u>

Year ending December 31:	OPWC Water System Repair and Replacement Loan	Total Debt
2004	\$ 5,000	\$ 123,587
2005	5,000	123,332
2006	5,000	392,920
2007	5,000	116,978
2008	5,000	117,828
Subsequent	<u>75,000</u>	<u>1,983,186</u>
	<u>\$100,000</u>	<u>\$2,857,831</u>

**VILLAGE OF NEW VIENNA
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

6. RETIREMENT SYSTEMS

The Village's officials and full-time employee belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement 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 2003 and 2002, PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of PERS participants' gross salaries. The Village has paid all contributions required through December 31, 2003.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

8. CONTINGENT LIABILITIES

Several claims and lawsuits are pending against the Village. Management intends to vigorously defend these cases. Presently, it is not possible to determine the resolution of these cases or amount of liability, if any.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

9. TRANSFERS

During 2002 the Village petitioned the Clinton County Common Pleas Court and the State Tax Commissioner for approval to transfer \$25,000 from the Trash Fund to the General Fund. The Court granted the approval and the Village transferred \$15,000 during 2002 and the remaining \$10,000 during 2003.

10. MATERIAL NONCOMPLIANCE

The Village did not properly receipt monies into the established funds as required by Ohio Revised Code, Section 5705.09 and 5705.10.

The Village failed to accurately maintain the Village's books as required by Ohio Revised Code, Section 733.28.

The Village did not maintain a debt serve reserve fund in accordance with Village Resolution.

**VILLAGE OF NEW VIENNA
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

11. GENERAL FUND DEFICIT

The Village's General Fund had a negative fund balance of (\$29,460) at December 31, 2003. To eliminate the deficit management has limited spending to payroll and utilities. Mayor's court was abolished and any court cases will be transferred to County Court. The unaudited General Fund balance at September 30, 2004 was \$8,848 which included an advance from the Water Operating Fund of \$51,933.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Village Council:

We were engaged to audit the accompanying financial statements of the Village of New Vienna, Clinton County, Ohio (the Village), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated October 13, 2004 wherein we disclaimed an opinion since management declined to provide written representations to us and due to insufficient documentation over the miscellaneous receipts as recorded in the General Fund and the Mayor's Court receipts as recorded in the Agency Fund. We noted that the Village's financial transactions were processed using the Auditor of State's Uniform Accounting System (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. Except as noted in the preceding sentences, we conducted our engagement in accordance with 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.

Compliance

As part of our engagement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our engagement and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2003-001 through 2003-011. We also noted immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated October 13, 2004.

Internal Control Over Financial Reporting

Our engagement, was not intended to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2003-003 through 2003-006, 2003-010, and 2003-012 through 2003-015.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2003-003 through 2003-006 and 2003-012 and 2003-013 to be material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated October 13, 2004.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

October 13, 2004

**VILLAGE OF NEW VIENNA
CLINTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

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

FINDING NUMBER 2003-001

FINDING FOR RECOVERY

During March and April of 2003, withdrawals of \$345.88 each were erroneously made from the Mayor's Court account through Fifth Third's automatic clearing house (ACH). In June of 2003, \$345.88 was credited to the Mayor's Court account to correct one debit error, however, a request was never received by the bank to correct the second error. Bank policy prohibits any corrections or investigations into account activity after 60 days. Reconciliations of the Mayor's Court account were not performed on a timely basis nor were the bank statements properly reviewed to detect the error at the time of the occurrence.

In accordance with the forgoing facts and pursuant to Ohio Revised Code, Section 117.28, a finding for recovery for public monies illegally expended is hereby issued against Mashell Laymon, Mayor's Court Clerk, and Timothy Bentz, former Mayor for the Village of New Vienna, in the amount of three hundred and forty-five dollars and eighty-eight cents in favor of the Village of New Vienna's Mayor's Court account.

FINDING NUMBER 2003-002

FINDING FOR RECOVERY

During 2002, court cost and fines were collected for the first five months of the year through Mayor's Court totaling \$4,061 that should have been distributed by the Clerk for the court to the State Treasurer per Ohio Rev. Code, Sections 2743.70, 2949.091, and 4513.263. However, these monies were receipted into the Village's General Fund. No distributions were made for this time period as required by the above cited statutes.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code, Section 117.28, a finding for recovery for the public monies illegally expended is hereby issued against the Village's General fund, in the amount of four thousand sixty-one dollars (\$4,061) in favor of the State of Ohio, Treasurer's Office.

FINDING NUMBER 2003-003

Noncompliance Citation/Material Weakness

Ohio Rev. Code, Section 5705.10, requires that money paid into any fund shall be used only for the purpose for which such fund is established. As of December 31, 2003, the General Fund had a negative fund balance of \$29,460. This deficit balance indicates that cash from other funds was used to pay the obligations of the General Fund. We recommend the Village adopt procedures to properly monitor fund balances. The Clerk should not certify available funds or pay amounts that create deficits.

FINDING NUMBER 2003-004

Noncompliance Citation/Material Weakness

Ohio Rev. Code, Section 149.351, provides that all records are the property of the public office and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under Sections 149.38 to 149.42, Revised Code.

**FINDING NUMBER 2003-004
(Continued)**

During the audit period, the Village did not provide complete documentation of the following items:

- Minutes, ordinances, or resolutions in written form;
- Documentation relating to debt issues;
- Bank statements from April and August 2002 for the Mayor's Court;
- Tickets from the Village's police department;
- Vouchers and supporting documentation for all Village expenditures; and
- Supporting documentation for miscellaneous receipts.

We were unable to audit the General Fund's miscellaneous receipts nor the Mayor's Court receipts or to perform alternative auditing procedures to ensure accountability over the applicable receipts. The Village should develop policies and procedures outlining the security of all records or take a written inventory of all records noting the records description and location. All records should be maintained in a secure central location, such as locked file cabinets or in a locked office, with access limited to specific officials and/or personnel. Disposal of records should only be made in accordance with an approved records retention schedule.

FINDING NUMBER 2003-005

Noncompliance Citation/Material Weakness

Ohio Rev. Code, Section 733.28, states that the village clerk should keep the books of the village, exhibit accurate statements of all moneys received and expended, all property owned by the Village and income derived thereof, and all taxes and assessments. Although the Village Clerk maintained accounting records, the records contained numerous posting errors. As a result, the records maintained by the Clerk were not an accurate reflection of all moneys received and expended. The 2003 and 2002 financial statements include numerous audit adjustments and reclassifications.

Failure to accurately prepare and reconcile the accounting records 1) reduces the accountability over Village funds, 2) reduces the Councils' ability to monitor financial activity and make informed financial decisions, 3) increases the likelihood that moneys will be misappropriated and not detected, and 4) increases the likelihood that the Village's financial statements will be misstated.

We recommend the Village Clerk accurately maintain the Village's accounting records in accordance with the uniform accounting system prescribe by the Auditor of State. In addition, all supporting documentation of receipts, expenditures, and bank reconciliations should be maintained. For added accountability, we recommend Council review all bank reconciliations for accuracy and ensure that all reconciling items are justified.

FINDING NUMBER 2003-006

Noncompliance Citation/Material Weakness

Pursuant to *White v. Clinton Cty. Bd. of Commrs.*, 76 Ohio St.3d 416 (1996), Ohio Rev. Code Sections 121.22, 149.43 and 733.27 when read together impose a duty on the village to maintain a full and accurate record of their proceedings. Minutes of meetings must be promptly recorded and open for public inspection. *State, ex rel. The Fairfield Leader v. Ricketts*, 56 Ohio St.3d 97 (1990). The following items were noted:

**FINDING NUMBER 2003-006
(Continued)**

- The Village Council and the Board of Public Affairs did not document a full and accurate record of their proceedings;
- Council minutes were not presented for audit for the Village meetings held January through April 2004. Council minutes were prepared and presented for May 2004;
- Village financial information was not always presented for approval by Council;
- Minutes were not signed by the officials attesting to their accuracy.

As the Council speaks only through its record of proceedings (minutes), the following recommendations were made to ensure that the minutes properly reflect parliamentary procedures and the actions of the council.

- Minutes should be prepared on a timely basis and presented at the subsequent council meeting and approved by Council. All resolutions and ordinances should be numbered and made a part of a permanent record of proceedings;
- All council actions should be indexed under proper headings to provide easy access to all Village resolutions;
- Minutes should be signed by the Village officials affirming their accuracy;
- Each topic, resolution, motion, etc. should be sub-headed or identified either in the margin or at the head of each paragraph for easier reading and referencing;
- Review of the annual financial data, including budgets, appropriations, transfers, required reports, and any advertisements for the same, should be documented as a permanent part of the minute records.

Prompt review of the minutes allows Council the ability to make any necessary changes in a timely fashion. Implementation of these procedures would aid in ensuring that the minute record would be an accurate reflection of the council's actions and would assist in locating specific actions of the council.

FINDING NUMBER 2003-007

Noncompliance Citation

A Loan Resolution between the Village of New Vienna and the Farmers Home Administration, dated October 12, 1984 states in part that "To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserve." The First Mortgage Water and Sewer Revenue Loans with Farmer's Home Administration requires reserve funds be established and maintained for these debt issues. Farmer's Home Administration requires that deposits for the Water Revenue Loan be made into the reserve fund at the minimum amount of 1/10th of an annual installment per year for ten (10) years. The Sewer Revenue Loan reserve fund was to be established equal to one (1) annual payment. The Village failed to maintain a reserve fund for either the Water Revenue Loan or the Sewer Revenue Loan.

FINDING NUMBER 2003-008

Noncompliance Citation

Ohio Rev. Code, Section 5705.09, states that each subdivision shall establish a special fund for each source of revenue derived from a source other than the general property tax which the law requires to be used for a particular purpose. Monies were not always posted to the particular fund specified by their purpose. Ohio Rev. Code, Section 5705.10, provides that monies paid into any fund shall be used only for the purpose for which such fund is established. The Village did not properly record Intergovernmental monies, Homestead/Rollback monies, Motor Vehicle License Tax monies, Gas Tax receipts, and Miscellaneous Receipts in the various funds. Audit adjustments have been posted to the Village's financial records and are reflected in the accompanying financial statements to properly reflect receipts and disbursements of the Village.

	General Fund	Street Fund	State Highway Fund	Police Fund	Water Fund	Sewer Fund	Sewer Debt Service Fund	Water Debt Service	Utility Deposit Fund
Net Adjustments	(\$47,086)	\$5,802	(\$847)	\$3,839	\$60,771	\$18,549	(\$25,181)	\$2,331	(\$526)

FINDING NUMBER 2003-009

Noncompliance Citation

Ohio Rev. Code, Sections 5705.36 and 5705.39, provide that appropriations shall not exceed the amount of estimated revenue available for expenditure as certified by the budget commission on the official certificate of estimated resources. During 2003, the following budgetary violations were noted:

Fund	Appropriations	Certificate of Estimated Resources	Variance
General Fund	\$222,039	\$159,162	(\$62,877)
Street Construction Fund	63,170	42,396	(20,774)
Police Levy Fund	106,401	77,582	(28,819)
Water Fund	229,900	220,263	(9,637)
Sewer Fund	283,975	222,121	(61,854)
Trash Fund	74,072	53,116	(20,956)
Sewer Debt Service Fund	111,000	29,137	(81,863)
Sewer Repair and Improvement Fund	4,000	0	(4,000)
Water Debt Service Fund	50,000	0	(50,000)

During 2002, the following budgetary violations were noted:

Fund	Appropriations	Certificate of Estimated Resources	Variance
COPS Fast Grant Fund	\$21,426	\$17,218	(\$ 4,208)
Sewer Debt Service Fund	75,000	0	(75,000)
Water Debt Service Fund	75,000	0	(75,000)

FINDING NUMBER 2003-010

Noncompliance Citation/Reportable Condition

Ohio Rev. Code, Section 5705.41 (D) states that:

No subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same... has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- B. If the amount involved is less than \$1,000 (\$3,000 after April 7, 2003), the Clerk may authorize payment through a Then and Now Certificate without affirmation of the Council, if such expenditure is otherwise valid.

Sixty four percent of the expenditures tested were executed without first obtaining the fiscal officer's certification and did not meet the exceptions provided for in the Code. Every effort should be made by the Village to properly utilize the encumbrance method of accounting by certifying funds on purchase orders. Failure to properly certify funds could result in overspending of Village funds.

FINDING NUMBER 2003-011

Noncompliance Citation

Ohio Rev. Code, Section 5705.41(B), prohibits a subdivision from making an expenditure unless it has been properly appropriated. During 2003, Water Improvement Fund expenditures of \$303,333 exceeded appropriations of \$250,000 by \$53,333. During 2002, the following funds had expenditures which exceeded appropriations.

Fund	Appropriations	Expenditures	Variance
Street Construction and Maintenance Fund	\$ 41,570	\$ 88,943	(\$ 47,373)
Police Levy Fund	60,245	76,076	(15,831)
Sewer Fund	268,721	358,178	(89,457)
Sewer Debt Service Fund	75,000	81,499	(6,499)

FINDING NUMBER 2003-012

Material Weakness

Council was not always aware of their appropriate administrative responsibilities such as reviewing monthly financial records, reviewing minutes and reviewing bills. This may create an environment which promotes future fraud or inaccurate financial reporting.

The following weaknesses were noted:

- Monthly financial reports such as budget and actual results were not presented to Council;
- Invoices contained no indication (e.g., initials) that someone had performed a comparison between the items included on the invoices and the items received;
- Invoices were not always attached to the voucher packet;
- Invoice amounts did not always match the amount of the check written;
- The Village made duplicate payments to vendors for the same service or goods;
- Checks were written out of sequence;
- Vouchers were not maintained in numerical sequence;
- The Village's checks were only signed by the Village Clerk;
- The minutes did not include all significant actions taken by Council;
- Expenditures were posted to improper funds;
- Late payment fees were paid on bills.

The lack of timely financial reports and accurate fund balances significantly reduces Council's ability to monitor Village's financial position. In addition, the lack of control over invoices and goods/services received resulted in unauthorized payments, over/under payments or duplicate payments, and unaccounted for checks.

To strengthen the Village's internal control structure and reduce the likelihood of undetected errors, we recommend Village officials and management implement the following controls:

- Monthly budget and actual financial reports be prepared and submitted to Council. This submission should occur prior to the regular Council meetings so that Council members have an opportunity to review the information and ask informed questions at the Council meetings. Discussion of the monthly financial reports should be documented in the minutes;
- When invoices are received, a comparison should be made between the goods/services included on the invoice and the goods/services received. The official/department head which received the goods should perform this comparison and indicate his/her review by initializing the invoice. The initials indicate the goods/services were received and the invoice is approved for payment. Invoices should be attached to all voucher packets;

**FINDING NUMBER 2003-012
(Continued)**

- Once invoices have been approved for payment, the Clerk/Treasurer should issue the corresponding check and stamp the invoice "Paid." The invoice should be filed with the voucher packet; and
- Village checks should be signed by the Clerk/Treasurer and one Council member and written in sequential order. Prior to signing the checks, the Council member should agree the vendor name and amount on the check to the invoice;
- Record voided checks as such and not reassign check number to another expenditure;
- Vouchers packets should be maintained in numerical sequence;
- Council should ensure that bills be paid on a timely basis to avoid late charges;
- Minutes of Council meetings should be prepared, approved, and available for public inspection in a timely manner. The minutes should also include all actions taken by Council during those meetings.

FINDING NUMBER 2003-013

Material Weakness

The Village does not maintain a citation log, resulting in a lack of accountability over the citation process. A large majority of the tickets had been lost or destroyed, therefore we could not determine the completeness of citations issued. To improve accountability over citations, we recommend the Village Police Department maintain a citation log which records all citations issued to officers. This log should include citation numbers and dates issued to officers. Once the citation is issued, the date written, type of offense and defendant's name should be recorded by the officer. Disposition of each case should also be recorded on the citation log. In addition, this log should be kept in a secure place to avoid the possibility of the log being lost or destroyed.

FINDING NUMBER 2003-014

Reportable Condition

The required debt instruments were on file at the Ohio Water Development Authority for review, however we noted that the Village did not take the responsibility to maintain most of the documents and reports relating to the Village's debt activity. Instead, the Village's consultant determined the data needed for the completion of these reports. The Village's involvement in the compliance of debt requirements is a significant control. Without this involvement, the Village could be unaware of outstanding debt owed by the Village.

We recommend the Village establish a list of all debt they have incurred. A tickler file should be maintained to determine when payments are due, interest paid, outstanding principal and the proceeds of any new debt issued. The Village officials should become more aware of their requirements, educate themselves about their debt activity and exhibit more involvement in the process of obtaining debt and the payments of debt. This process should help increase accountability over the Village's debt and will enable the Village to determine that debt activity is properly recorded with timely payments being made to avoid any further late fees assessments which totaled \$238.

FINDING NUMBER 2003-015

Reportable Condition

The Clerk performs all the financial recordkeeping on the Uniform Accounting Network System (UAN) including receipting, posting and reconciling to the depository. In the event that the Clerk is absent from her job there is no person assigned to perform her duties. The Village's other personnel must prepare manual receipts which are entered into the system at a later date. The weakness of this system is that it allows for diversion of funds through possible alteration of source documents. Also, bookkeeping errors occurred without detection in a timely manner nor is an accurate account maintained of the Village's funds.

To help ensure continuing accountability and to strengthen internal accounting controls, we recommend the Village designate one other employee to handle the Clerk's duties in her absence. UAN training should be provided to the designated personnel. The designated person should have a separate password to access the UAN system. This will help maintain records more efficiently and keep the ledgers up to date. In addition, officials should periodically review the records, i.e. reconciliations, withholding and retirement settlements, cashbooks, etc., to determine accuracy and to assure themselves that proper procedures are followed by the fiscal officer. These periodic reviews should be noted in the minutes and documents reviewed should be initialed by the reviewer.

**VILLAGE OF NEW VIENNA
CLINTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2001-30414-001	Ohio Rev. Code, Section 149.351, destruction of records	No	Reissued as Finding 2003-004
2001-30414-002	Ohio Rev. Code, Section 5705.09, Monies were not posted to the correct fund. Finding for Adjustments between various funds	No	Reissued as Finding 2003-008
2001-30414-003	Loan Resolution requires the Village to establish reserve funds for water and sewer loans	No	Reissued as Finding 2003-007
2001-30414-004	Ohio Rev. Code, Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract without prior certification of an expenditure.	No	Reissued as Finding 2003-010
2001-30414-005	Ohio Rev. Code, Section 743.18, the Village did not charge utility rates to cover the cost of maintaining the water fund.	Yes	
2001-30414-006	Ohio Rev. Code, Section 733.40 requires the Mayor to pay fines, costs by the first Monday of the following month.	No	Reissued in the 2003-2002 Management Letter
2001-30414-007	Ohio Rev. Code, Section 733.28 requires the clerk to maintain an accurate record of the Village's finances	No	Reissued as Finding 2003-005

Village of New Vienna
Clinton County
Schedule of Prior Audit Findings
Page 2

2001-30414-008	Ohio Rev. Code, Section 121.22, 149.43, 733.27, the Village did not maintain a full and accurate record of their proceedings	No	Reissued as Finding 2003-006
2001-30414-009	Ohio Rev. Code, Sections 5705.36 & 5705.39, appropriations exceeded estimated revenue.	No	Reissued as Finding 2003-009
2001-30414-010	Ohio Rev. Code, Section 5705.38, requires the Village to pass appropriations	Yes	
2001B30414-011	42 U.S.C. 3796dd-3 requires the Village to hire a full-time sworn officer for its COPS	Yes	
2001-30414-012	Ohio Rev. Code, Section 1905.21 requires the Mayor to maintain a docket and account for fines.	No	Reissued in 2003-2002 Management Letter
2001-30414-013	Debt instruments were not maintained by the Village.	No	Reissued as Finding 2003-014
2001-30414-014	Village Council was not aware of their administrative function. The Village had very little or no internal controls in place	No	Reissued as Finding 2003-012
2001-34014-015	Utility records were not properly maintained.	Yes	
2001-34014-016	Tickets were lost or destroyed and no citation log was maintained by the Village	No	Reissued as Finding 2003-013
2001-30414-017	Police levy expenditures were in excess of revenue.	Yes	

Village of New Vienna
 Clinton County
 Schedule of Prior Audit Findings
 Page 3

2001-30414-018	No supporting documentation for fines and fees received from Mayor's Court.	Yes	
2001-30414-019	The Village did not maintain payroll journal, individual payroll records, or leave records.	No	Partially corrected. Reissued in 2003-2002 Management Letter
2001-30414-020	Mayor's Court computer system was not fully utilized.	Yes	



**Auditor of State
Betty Montgomery**

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VILLAGE OF NEW VIENNA

CLINTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 14, 2004**