



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF NEW BOSTON
SCIOTO COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of New Boston, Scioto County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2021, or the changes in financial position thereof for the year then ended.

Basis for Opinions

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

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

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

Emphasis of Matter

As discussed in Note 12 to the financial statements for each year, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted to opine on the financial statements as a whole.

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule is the responsibility of management and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2022, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
November 2, 2022

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Village of New Boston, Ohio

Scioto County

Combined Statement of Receipts, Disbursements

and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2021

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$328,738	\$132,266	\$83,507		\$544,511
Municipal Income Tax	1,611,059	413,092		41,309	2,065,460
Intergovernmental	137,506	1,052,746	4,489	678,149	1,872,890
Special Assessments	6,645				6,645
Charges for Services	25,513	30,004	98,268		153,785
Fines, Licenses and Permits	69,066	1,580			70,646
Earnings on Investments	66	28			94
Miscellaneous	57,506	74,428		40,000	171,934
<i>Total Cash Receipts</i>	<u>2,236,099</u>	<u>1,704,144</u>	<u>186,264</u>	<u>759,458</u>	<u>4,885,965</u>
Cash Disbursements					
Current:					
Security of Persons and Property	656,467	626,472			1,282,939
Public Health Services	26,391				26,391
Leisure Time Activities	122,596	16,248			138,844
Community Environment	15,500	3,000			18,500
Basic Utility Services	246,589	689,428			936,017
Transportation	67,558	191,850			259,408
General Government	1,081,060	46,200	2,023	756	1,130,039
Capital Outlay		108,283		786,422	894,705
Debt Service:					
Principal Retirement			190,373	614,611	804,984
Interest and Fiscal Charges			7,082	3,205	10,287
<i>Total Cash Disbursements</i>	<u>2,216,161</u>	<u>1,681,481</u>	<u>199,478</u>	<u>1,404,994</u>	<u>5,502,114</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>19,938</u>	<u>22,663</u>	<u>(13,214)</u>	<u>(645,536)</u>	<u>(616,149)</u>
Other Financing Receipts (Disbursements)					
Sale of Bonds				300,000	300,000
Loans Issued				514,428	514,428
Other Debt Proceeds		1,750			1,750
Transfers In		35,000			35,000
Transfers Out	(35,000)				(35,000)
Advances In	99,391	99,391			198,782
Advances Out	(99,391)	(99,391)			(198,782)
Other Financing Sources				4	4
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(35,000)</u>	<u>36,750</u>	<u>0</u>	<u>814,432</u>	<u>816,182</u>
<i>Net Change in Fund Cash Balances</i>	<u>(15,062)</u>	<u>59,413</u>	<u>(13,214)</u>	<u>168,896</u>	<u>200,033</u>
<i>Fund Cash Balances, January 1</i>	<u>662,874</u>	<u>423,931</u>	<u>146,137</u>	<u>23,812</u>	<u>1,256,754</u>
<i>Fund Cash Balances, December 31</i>	<u>\$647,812</u>	<u>\$483,344</u>	<u>\$132,923</u>	<u>\$192,708</u>	<u>\$1,456,787</u>

See accompanying notes to the basic financial statements

Village of New Boston, Ohio
Scioto County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2021

	Fiduciary Fund Types		Totals
	Custodial		(Memorandum Only)
	Mayor's Court	Other Custodial	
Additions			
Amounts Received as Fiscal Agent		6,000	6,000
Other Amounts Collected for Distribution	29,658		29,658
<i>Total Additions</i>	<u>29,658</u>	<u>6,000</u>	<u>35,658</u>
Deductions			
Distributions as Fiscal Agent		6,000	6,000
Other Distributions	29,658		29,658
<i>Total Deductions</i>	<u>29,658</u>	<u>6,000</u>	<u>35,658</u>
<i>Net Change in Fund Balances</i>	0	0	0
<i>Fund Cash Balances, January 1</i>	<u>(26)</u>	<u>0</u>	<u>(26)</u>
<i>Fund Cash Balances, December 31</i>	<u><u>(\$26)</u></u>	<u><u>\$0</u></u>	<u><u>(\$26)</u></u>

See accompanying notes to the basic financial statements

Village of New Boston, Ohio
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The Village of New Boston (the Village), Scioto County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides maintenance of streets and highways, sewer utilities, refuse service, fire and police protection, and park operations.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Village participates in the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

Fund Accounting

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

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

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

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Safety Tax Fund This fund receives municipal income tax monies that are used to pay for security of persons and property within the Village.

CORPS Federal Grant Fund The CORPS Federal Grant fund received federal funds for a project related to the Village's Pump Stations.

COPS Federal Grant Fund This fund received Federal Grant Funds for a COPS Hiring Program.

Village of New Boston, Ohio
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

General Obligation Debt Fund This fund receives tax levy monies and other intergovernmental revenues that are used to pay for the repayment of general obligations notes.

Combined Sewer Overflow Reduction Fund This fund receives payments from the City of Portsmouth for collections from residents of a user fee associated with the usage of water consumption. Those monies are used to repay Ohio Water Development Authority (OWDA) loans related to the Sewer Overflow Projects.

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

Other Capital Projects Fund This fund receives municipal income tax monies that are used to pay for various capital projects within the Village.

CSO Phase 8A Project Fund This fund was started in 2020. This project is to retire the north end sewers in New Boston. This project is funded by Portsmouth and DEFA (Principal Forgiveness Funding). Therefore, there is no cost to village.

CSO Phase 8B Project Fund This fund was started in 2020. This is for a new, larger sanitary sewer along West Avenue toward the CSX railroad, to replace Webb Alley pump station and structural lining of sanitary sewers at several other locations within the village and separate the combined sewer near the VA clinic. Construction will be paid by DEFA and other sources as needed.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial funds account for Mayor's Court Activity and a Fire Loss Fund.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Council recognizes receipts when

Village of New Boston, Ohio
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2021

received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

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

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

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

A summary of 2021 budgetary activity appears in Note 3.

Deposits

The Village maintains all cash checking accounts. The Village has no investments.

Capital Assets

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

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.

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes

Village of New Boston, Ohio
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2021

unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

Fund Type	2021 Budgeted vs. Actual Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	\$1,913,800	\$2,335,490	\$421,690
Special Revenue	2,357,399	1,840,285	(517,114)
Debt Service	178,000	186,264	8,264
Capital Projects	372,000	1,573,890	1,201,890
Fiduciary	19,000	35,658	16,658
Total	\$4,840,199	\$5,971,587	\$1,131,388

Village of New Boston, Ohio
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2021

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,586,530	\$2,411,246	\$175,284
Special Revenue	2,086,404	1,894,141	192,263
Debt Service	235,726	199,478	36,248
Capital Projects	1,819,917	1,774,193	45,724
Fiduciary	12,000	6,000	6,000
Total	\$6,740,577	\$6,285,058	\$455,519

Note 4 – Deposits

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

	2021
<i>Cash Management Pool:</i>	
Demand deposits	\$1,456,787
Mayor's Court	(26)
Total Deposits	1,456,761

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

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

Village of New Boston, Ohio
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Income Taxes

The Village levies a municipal income tax of 2.5 percent on substantially all earned income arising from employment, residency, 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.

Note 6 – Risk Management

Workers' Compensation

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

Risk Pool Membership

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

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

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

	<u>2021</u>
Cash and investments	\$41,996,850
Actuarial liabilities	\$14,974,099

Village of New Boston, Ohio
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Ohio Police and Fire Retirement System

The Village's certified Fire Fighters and full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. As of June 1, 2020, the Village contributed 6.125 percent of the wages on behalf of the OP&F participants of the fire department. The participants contributed the remainder of the mandatory contributions which was 6.125 percent of their wages. The Police Officers contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages and 24 percent of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2021.

Social Security

One Village official contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Village of New Boston, Ohio
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Debt

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Floodwall Improvement Bonds	\$9,538	3.75%
OWDA Loan (6631)	\$791,190	0.00%
OWDA Loan (6875)	\$278,998	0.00%
OWDA Loan (7484)	\$247,681	0.00%
OWDA Loan (7847)	\$215,725	0.00%
Administrator & Fire Chief Vehicles	\$32,524	3.61%
Community Improvement Bonds	272,489	1.91%
Total	<u>\$1,848,145</u>	

The Floodwall Improvement Bonds were issued in 2011 for constructing floodwall improvements. The bonds were issued at an interest rate of 3.75% with principal and interest payments due monthly.

The Ohio Water Development Authority Loan #6631 was for the sanitary sewer relining construction project phase 1. The Village maintains and operates a combined sewer system that flows to the City of Portsmouth’s Waste Water Treatment Plant. The project includes rehabilitation of the current combined sewer system and is the first phase of repair and replacement necessary to begin eliminating infiltration and inflow. The loan was issued in 2014, with an interest rate of 0%, with semi-annual payments for 20 years, with the initial payment due on July 1, 2015. The payments are to be made solely from pledged revenue consisting of a wastewater service charge billed to customers by the City of Portsmouth and remitted by the City of Portsmouth to the Village.

The Ohio Water Development Authority Loan #6875 was for the combined sewer separation construction project phase 2. The Village maintains and operates a combined sewer system that flows to the City of Portsmouth’s Waste Water Treatment Plant. The project consists of designing and constructing a storm sewer to separate storm water and creek water sources from the combined sewer. The loan was issued in 2015, with an interest rate of 0%, with semi-annual payments for 20 years.

The Ohio Water Development Authority Loan #7484 was for the combined sewer separation construction project phase 4. The Village maintains and operates a combined sewer system that flows to the City of Portsmouth’s Waste Water Treatment Plant. The project consists of designing and constructing a storm sewer to separate storm water and creek water sources from the combined sewer. The loan was issued in 2015, with an interest rate of 0%, with semi-annual payments for 20 years.

The Ohio Water Development Authority Loan #7847 was for the combined sewer separation construction, project phase VII. The Village maintains and operates a combined sewer system that flows to the City of Portsmouth’s Waste Water Treatment Plant. The loan was issued in 2018 with an interest rate of 0%, with semi-annual payments for 20 years.

The Administrator & Fire Chief vehicles loan was for the purchase of two trucks (one for the Administrator and one for the Fire Chief). The loan was issued by US Bancorp Government Leasing and Financing, Inc., in 2019 for a total of \$58,416. The loan was issued with an interest rate of 3.61% and monthly payments of \$1,076.38 for 5 years.

Village of New Boston, Ohio
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2021

The Community Improvement Bonds were issued in January 2021 for the purpose of road resurfacing, upgrades to the 911 Center and upgrades to the playground. The bonds were issued through US Bank at an interest rate of 1.91% with principal payments due annually and interest payments due bi-annually.

Amortization

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

Year Ending December 31:	Floodwall Improvement	OWDA Loan #6631	OWDA Loan #6875	OWDA Loan #7484	OWDA Loan #7847	Administrator & Fire Chief Vehicles	Community Improvement Bond
2022	\$9,740	\$60,860	\$19,241	\$15,480	\$12,690	\$12,916	\$33,241
2023		60,861	19,241	15,480	12,690	12,916	33,241
2024		60,861	19,241	15,480	12,690	11,840	33,241
2025		60,861	19,241	15,480	12,690		33,241
2026		60,861	19,241	15,480	12,690		33,241
2027-2031		304,305	96,205	77,400	63,450		132,964
2032-2036		182,583	86,589	77,400	63,450		
2037-2041				15,482	25,380		
Total	\$9,740	\$791,192	\$278,999	\$247,682	\$215,730	\$37,672	\$299,169

Note 10 – Contingent Liabilities

The Village is the defendant in a lawsuit. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village’s financial condition.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Debt Service	Capital Projects	Total
Outstanding Encumbrances	60,694	113,266	0	369,198	543,158

Village of New Boston, Ohio
Scioto County
Notes to the Financial Statements
For the Year Ended December 31, 2021

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The 2021 activity includes, \$85,984 of expenditures in Coronavirus Relief Funds. These amounts are reflected in various expenditure line items in the applicable Special Revenue Fund on the accompanying financial statements.

It also includes \$109,936 of Intergovernmental Revenue from Coronavirus State and Local Fiscal Recovery Fund, of which, \$74,455 was spent out during the year. This activity was also included in its own Special Revenue Fund on the accompanying financial statements.

Note 13 – SUBSEQUENT EVENT

In August 2022, the Village entered into a Lease Purchase Agreement with US Bancorp Government Leasing and Finance Inc, for the purchase of three new police cruisers. The total amount financed was \$154,794.

VILLAGE OF NEW BOSTON
SCIOTO COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF THE ARMY Army Corp of Engineers	12.XXX	2019	\$ -	\$ 699,551
Total U.S. Department of the ARMY				699,551
U.S. DEPARTMENT OF JUSTICE <i>Passed through the Ohio Office of Community Oriented Policing Services</i> Public Safety Partnership and Community Policing Grants	16.710	2020UMWX0158		120,647
Total U.S. Department of Justice				120,647
U.S. DEPARTMENT OF THE TREASURY <i>Passed through the Ohio Office of Budget and Management</i> COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A		74,455
<i>Passed thru Scioto County</i> COVID-19 Coronavirus Relief Fund	21.019	N/A		85,984
Total U.S. Department of Treasury				160,439
U.S. DEPARTMENT OF HOMELAND SECURITY <i>Passed through the Ohio Department of Public Safety</i> Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4360-DR-145-54166-00		26,788
Disaster Grants - Public Assistance (Presidentially Declared Disasters)		FEMA-4360-DR-145-54166-00		54,233
COVID 19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)		FEMA-4507-DR-145-54166-00		26,826
Total U.S. Department of Homeland Security				107,847
Total Expenditures of Federal Awards			\$ -	\$ 1,088,484

The accompanying notes are an integral part of this schedule.

**VILLAGE OF NEW BOSTON
SCIOTO COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Village of New Boston (the Village's) under programs of the federal government for the year ended December 31, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Village.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The Village has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the Village to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Village has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

NOTE E – DONATED ASSET

During 2021, the Village received donated assets from the Army Corp of Engineers for a total value of \$528,140. The donated asset was in the form of flood pump motors needed to help operate one of the Village's Flood Pump Stations. These pumps were purchased and installed solely by the Army Corp of Engineers, but after installation, did become assets of the Village. Thus, they were considered donated federal assets, which the Village is responsible for maintaining.

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2021 and the related notes to the financial statements of the Village of New Boston, Scioto County, (the Village) and have issued our report thereon dated November 2, 2022, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2021-001 and 2021-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying schedule of findings and corrective action plan. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio
November 2, 2022

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the Village Council:

Report on Compliance for the Major Federal Program

Qualified Opinion

We have audited the Village of New Boston's (the Village) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Village of New Boston's major federal program for the year ended December 31, 2021. The Village of New Boston's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

Qualified Opinion on Army Corp of Engineers

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* section of our report, the Village of New Boston complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Army Corp of Engineers for the year ended December 31, 2021.

Basis for Qualified Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Village's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on Army Corp of Engineers

As described in findings 2021-003 through 2021-006 in the accompanying schedule of findings, the Village did not comply with requirements regarding the following:

Finding #	Assistance Listing #	Program (or Cluster) Name	Compliance Requirement
2021-003	12.XXX	Army Corp of Engineers	Equipment and Real Property Management
2021-004	12.XXX	Army Corp of Engineers	Procurement, Suspension, and Debarment
2021-005	12.XXX	Army Corp of Engineers	Procurement, Suspension, and Debarment
2021-006	12.XXX	Army Corp of Engineers	Special Tests and Provisions

Compliance with these requirements is necessary, in our opinion, for the Village to comply with the requirements applicable to that program.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the noncompliance findings identified in our audit described in the corrective action plan. The Village's corrective action plan is not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2021-003 through 2021-006, to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and corrective action plan. The Village's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
November 2, 2022

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**VILLAGE OF NEW BOSTON
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2021**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Adverse under GAAP, unmodified under the regulatory basis
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Army Corp of Engineers – AL # 12.xxx
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

FINDING NUMBER 2021-001

Material Weakness

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

**FINDING NUMBER 2021-001
 (Continued)**

Due to deficiencies in internal control related to financial reporting, the Village misclassified and misposted various receipts, disbursements, and fund balances in the annual financial report submitted to the Auditor of State for fiscal year 2021. These misstatements had the following effect on the Village's financial statements:

- In Fund 2052, FEMA Federal Grant, expenditures of \$108,283 were classified as Other Financing Uses instead of Capital Outlay.
- In Fund 2907, Combined Sewer Overflow Reduction Fund, debt payments of \$113,879 were classified as Basic Utility Services instead of Principal Retirement.
- In Fund 2907, Combined Sewer Overflow Reduction Fund, \$98,268 of Charges for Services from the City of Portsmouth were misclassified as Special Assessments.
- In Fund 4901, Other Capital Projects Fund, \$40,000 of Miscellaneous Revenue was misclassified as Intergovernmental Revenue.
- In Fund 4906, CSO Phase 8A Fund, \$192,025 of Intergovernmental Revenue and Principal Payments were unrecorded.
- In Fund 4907, CSO Phase 8B Fund, \$211,293 of Intergovernmental Revenue and Principal Payments were unrecorded.
- In Fund 4907, CSO Phase 8B Fund, \$211,293 of Loan Proceeds and Principal Payments were unrecorded.
- On behalf of payments for an OPWC project in the amount \$72,601 were unrecorded. This resulted in Intergovernmental Revenue and Capital Outlay being understated.

In addition to the above adjustments, the Village also reported some of its funds as incorrect fund classifications on the financial statements or omitted them entirely. These were as follows:

<u>Fund Name:</u>	<u>Original Classification:</u>	<u>Corrected Classification:</u>
2907 - Combined Sewer Overflow Reduction Fund	Special Revenue Fund	Debt Service Fund
9976 - Warren Trust Fund	Private Purpose Trust Fund	Special Revenue Fund
9977 - Village of New Boston Christmas Fund	Private Purpose Trust Fund	Special Revenue Fund
Mayor's Court Fund	Not reported on Financial Statement	Custodial Fund

This resulted in audit adjustments and reclassifications to the financial statements. Any fund balance adjustments have been posted to the Village's accounting system.

To ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and footnotes by the Village Clerk/Treasurer and Village Council to identify and correct errors and omissions. We also recommend the Village Clerk/Treasurer take care in posting transactions in order to ensure the year-end financial statements reflect the appropriate activity for the Village's receipts and expenditures.

FINDING NUMBER 2021-002

Material Weakness

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

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Village Council to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Village, and the appropriation ledger provides the process by which the Village controls spending, it is therefore necessary the amounts appropriated by the Village Council are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Village and the receipts ledger provides the process by which the Village controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

Variances between approved budgetary appropriation amounts and amounts recorded in the Uniform Accounting Network (UAN) system at December 31, 2021 were as follows:

Fund	Approved Appropriations	Appropriations in UAN System	Difference
General Fund (1000)	\$2,563,904	\$2,490,529	\$73,375
CORPS Grant Fund (2051)	\$626,301	\$583,224	\$43,077
COPS Grant Fund (2053)	\$147,650	\$142,650	\$5,000
Coronavirus Relief Fund (2151)	\$49,365	\$67,204	(\$17,839)
Motor Vehicle Fund (2905)	\$184,936	\$109,936	\$75,000
Christmas Fund (9977)	\$41,250	\$34,500	\$6,750
Other Custodial Funds (9901)	\$12,000	\$0	\$12,000

FINDING NUMBER 2021-002
(Continued)

Variances between the final amended certificate and amounts recorded in the Uniform Accounting Network (UAN) system at December 31, 2021 were as follows:

Fund	Revenue Status Report UAN System	Final Amended Certificate	Difference
CORPS Grant Fund (2051)	\$583,224	\$1,157,938	(\$574,714)
COPS Grant Fund (2053)	\$125,000	\$96,721	\$28,279
Federal Grant FEMA COVID (2054)	\$16,768	\$0	\$16,768
Flood Defense (2904)	\$60,500	\$30,000	\$30,500
Motor Vehicle Fund (2905)	\$109,936	\$309,936	(\$200,000)
Christmas Fund (9977)	\$30,412	\$18,000	\$12,412

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) and the Certificate of Estimated Resources approved by Village Council were not properly posted to the accounting system. In addition, the budgetary information reported in the annual financial report footnotes was not accurately presented.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statement footnotes. Amounts in the budgetary footnotes were corrected in the accompanying financial statements, where appropriate, for the identified variances.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Village should post to the ledgers, on a timely basis, appropriations approved by the Council and estimated resources as certified by the budget commission. The Village should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

1. Noncompliance and Material Weakness

Finding Number:	2021-003
Assistance Listing Number and Title:	AL #12.XXX – Army Corp of Engineers
Federal Award Identification Number / Year:	N/A
Federal Agency:	US Department of the Army
Compliance Requirement:	Equipment and Real Property Management
Pass-Through Entity:	N/A
Repeat Finding from Prior Audit?	No

The Cooperation Agreement between the United States of America and the Village of New Boston, Ohio for Rehabilitation of a Federal Flood Control Work, Article VII states the Village shall comply with all requirements of applicable Federal Laws and implementing regulations. Based on this, 2 CFR § 1130 sets forth property administration terms and condition requirements for grants issued by the Department of Defense. These requirements include:

- Equipment must be used in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award or, when appropriate, under other Federal awards; however, the non-Federal entity must not encumber the equipment without prior approval of the Federal awarding agency (Appendix D to Part 1130, Section C).
- Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the Federal award identification number), who holds title, the acquisition date, cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sales price of the property (Appendix B to Part 1130, Section C, Paragraph 1).
- A physical inventory of property in which there is a Federal interest must be taken and the results reconciled with the property records at least once every 2 years and an annual inventory of Federally owned property for which the local government is accountable under the award from the Department of Defense must be taken (Appendix B to Part 1130, Section C, Paragraph 3).
- A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated (Appendix B to Part 1130, Section C, Paragraph 4).
- Adequate maintenance procedures must be developed to keep the property in good condition (Appendix B to Part 1130, Section C, Paragraph 5).
- If the non-Federal entity is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return (Appendix D to Part 1130, Section D, Paragraph 3).

FINDING NUMBER 2021-003
(Continued)

- When original or replacement equipment acquired under a Federal award with a current fair market value that exceeds \$5,000 is no longer needed for a Federal program (whether the original project or program or other activities currently or previously supported by the Federal government), the non-Federal entity must request disposition instructions from the Federal awarding agency. Items of equipment with a current per-unit fair market value of \$5,000 or less may be retained, sold, or otherwise disposed of with no further obligation to the Federal awarding agency. If the Federal awarding agency fails to provide requested disposition instructions within 120 days, items of equipment with a current per-unit fair market value in excess of \$5,000 may be retained or sold. The Federal awarding agency is entitled to the Federal interest in the equipment, which is the amount calculated by multiplying the current market value or sale proceeds by the Federal agency's participation in total project costs (Appendix D to Part 1130, Section D).

The Village purchased a total of \$50,912 in assets from Xylem Dewatering Solutions, Inc. during their project for the pump station work done in 2021. The Village did maintain invoice support to indicate what assets were purchased; however, they did not implement any type of system of internal controls over tracking federally purchased assets. Also, they did not maintain the property records required by Appendix B to Part 1130, Section C, Paragraph 4. Failure to maintain records or have an asset tracking system in place could cause issues in the future for identifying which assets were acquired with federal funds and their original grant funding.

The Village should implement a system of internal controls to manage Federal Government property. Included in that system, should be a property record listing for all assets purchased with federal funding. The listing should include all of the necessary elements stated above. Also, physical inventories of these assets should be performed regularly to ensure assets are being properly maintained.

2. Noncompliance and Material Weakness

Finding Number:	2021-004
Assistance Listing Number and Title:	AL #12.XXX – Army Corp of Engineers
Federal Award Identification Number / Year:	N/A
Federal Agency:	US Department of the Army
Compliance Requirement:	Procurement, Suspension, and Debarment
Pass-Through Entity:	N/A
Repeat Finding from Prior Audit?	No

The Cooperation Agreement between the United States of America and the Village of New Boston, Ohio for Rehabilitation of a Federal Flood Control Work, Article VII states the Village shall comply with all requirements of applicable Federal Laws and implementing regulations.

2 CFR § 1132, Appendix B, Section A requires procurements under awards from the Department of Defense comply with the following guidance within **2 CFR § 200.318**:

2 CFR § 200.318(c)(1) requires non-Federal entities maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts.

2 CFR § 200.318(c)(2) requires non-Federal entities maintain written standards of conduct covering organizational conflicts of interest when the non-federal entity has a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe.

2 CFR § 1132, Appendix B, Section B requires procurements under awards from the Department of Defense comply with **2 CFR § 200.319(d)** which requires that the written procedures required by **2 CFR § 200.320(b)(2)** ensure all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured and identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

2 CFR § 1132, Appendix B, Section C requires procurements under awards from the Department of Defense comply with **2 CFR § 200.320(b)(2)** which requires non-federal entities to have a written method for conducting technical evaluations of the competitive proposals received and for selecting contract recipients.

The Village did not develop written procedures over procurement in accordance with the Uniform Guidance stated above. This resulted in noncompliance cited in Finding 2021-005 related to contracts awarded under their federal program.

The Village should establish written internal control procedures to help ensure compliance over procurement in accordance with the Uniform Guidance over federal programs.

3. Noncompliance and Material Weakness

Finding Number:	2021-005
Assistance Listing Number and Title:	AL #12.XXX – Army Corp of Engineers
Federal Award Identification Number / Year:	N/A
Federal Agency:	US Department of the Army
Compliance Requirement:	Procurement, Suspension, and Debarment
Pass-Through Entity:	N/A
Repeat Finding from Prior Audit?	No

2 CFR § 1125.10 gives regulatory effect to the Department of Defense for **2 CFR § 180.305** which states that Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred, unless the Federal agency responsible for the transaction grants an exception under 2 CFR § 180.135.

2 CFR § 1125.10 gives regulatory effect to the Department of Defense for **2 CFR § 180.220** which states, in part, a contract for goods or services is a covered transaction if the contract is awarded by a participant in a nonprocurement transaction that is covered under **§ 180.210** and the amount of the contract is expected to equal or exceed \$25,000.

When a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking SAM exclusions (<https://sam.gov>); collecting a certification from the entity, or adding a clause or condition to the covered transactions with that entity.

The Village did not have the proper internal controls in place to verify that all entities, with whom the Village had entered into covered transactions, had not been suspended or debarred. During testing, we noted the Village entered into a contract with Xylem Dewatering Solutions Inc, in which the Village paid the vendor a total of \$614,550 and there was no evidence the Village checked the SAM exclusions, collected a certification from the entity, or added a clause or condition to the covered transaction with the vendor. Due to the deficient internal control structure, the required verification was not completed for this contract.

Failing to have the appropriate controls in place may result in vendors receiving federal funds that are suspended or debarred.

Prior to contracting with vendors that will be paid with federal funds, the Village should verify the vendor is not suspended or debarred by checking the SAM exclusions, collecting a certification from the vendor, or adding a clause or condition to the covered transaction with the vendor.

4. Noncompliance and Material Weakness

Finding Number:	2021-006
Assistance Listing Number and Title:	AL #12.XXX – Army Corp of Engineers
Federal Award Identification Number / Year:	N/A
Federal Agency:	US Department of the Army
Compliance Requirement:	Special Tests and Provisions
Pass-Through Entity:	N/A
Repeat Finding from Prior Audit?	No

The Cooperation Agreement between the United States of America and the Village of New Boston, Ohio for Rehabilitation of a Federal Flood Control Work, Article VII states the Village shall comply with all requirements of applicable Federal Laws and implementing regulations.

2 CFR § 1132, Appendix B, Section B sets forth procurement terms and conditions for procurements by Department of Defense grant recipients. **2 CFR § 1132, Appendix C, Section B, Paragraph 2** requires that, for each construction contract for more than \$2,000 to be awarded using funding provided under the Department of Defense grant award, the entity must:

- a. Place in the solicitation under which the contract will be awarded a copy of the current prevailing wage determination issued by the Department of Labor;
- b. Condition the decision to award the contract upon the contractor's acceptance of that prevailing wage determination;
- c. Include in the contract the clauses specified at 29 CFR 5.5(a) in Department of Labor regulations at 29 CFR part 5, "Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction," to require the contractor's compliance with the Wage Rate Requirements (Construction), as amended (40 U.S.C. 3141-44, 3146, and 3147); and
- d. Report all suspected or reported violations to the award administration office identified in this award.

In accordance with 40 U.S.C. 3141-3144, and 3146-3148, as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"), contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week.

Lack of proper internal controls over Federal Grants management led to the Village expending \$614,550 of its federal grant funds for the installation of a temporary pump system. These expenditures were paid to Xylem Dewatering Solutions Inc. However, the Village did not include prevailing wage language during the contracting process nor did the Village obtain certified payroll reports from Xylem Dewatering Solutions, Inc. to verify prevailing wages were paid.

Failure to notify contractors of the prevailing wage rate requirements may result in noncompliance with the Davis-Bacon Act requirements as well as potentially reduce future federal grant funding.

The Village should ensure contracts for construction in excess of \$2,000 paid with federal grant monies include a provision that contractors comply with the prevailing wage rate provisions and ensure certified payroll reports are provided by the contractor weekly. The Village should maintain the certified payroll reports to document compliance with the program requirements.

Officials' Responses:

We did not receive responses from Officials to these findings. However, the Village did provide a Corrective Action Plan that does address each of the above comments.

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VILLAGE OF NEW BOSTON

LANA LOPER, CLERK/TREASURER

3980 RHODES AVENUE

NEW BOSTON, OH 45662

TELEPHONE 740-456-4103 ext. 4

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740-456-6473

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
December 31, 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	Sound Financial Reporting	Not Corrected	See Finding 2021-001
2020-002	ORC 5705.41(D)(1) – Properly Encumbering Funds	Corrected	

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CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
December 31, 2021

Finding Number:	2021-001
Planned Corrective Action:	Sound Financial Reporting : Village will monitor all postings to ensure accuracy.
Anticipated Completion Date:	12/31/2022
Responsible Contact Person:	Lana Loper, Clerk/Treasurer
Finding Number:	2021-002
Planned Corrective Action:	Budgetary Data input into System: Village will monitor all postings to ensure accuracy.
Anticipated Completion Date:	12/31/2022
Responsible Contact Person:	Lana Loper, Clerk/Treasurer
Finding Number:	2021-003
Planned Corrective Action:	Equipment : Village will begin tracking all assets purchased with federal funds.
Anticipated Completion Date:	12/31/2022
Responsible Contact Person:	Lana Loper, Clerk/Treasurer and Steve Hamilton, Administrator
Finding Number:	2021-004
Planned Corrective Action:	Procurement, Suspension, and Debarment : Village will develop written policies over these items.
Anticipated Completion Date:	12/31/2022
Responsible Contact Person:	Lana Loper, Clerk/Treasurer and Steve Hamilton, Administrator
Finding Number:	2021-005
Planned Corrective Action:	Procurement, Suspension, and Debarment : Village will ensure it checks vendors for suspension and debarment requirements prior to entering into contracts with them.
Anticipated Completion Date:	12/31/2022
Responsible Contact Person:	Lana Loper, Clerk/Treasurer and Steve Hamilton, Administrator
Finding Number:	2021-006
Planned Corrective Action:	Prevailing Wage – Village will ensure prevailing wages requirements are implemented for all federal contracts.
Anticipated Completion Date:	12/31/2022
Responsible Contact Person:	Lana Loper, Clerk/Treasurer and Steve Hamilton, Administrator

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF NEW BOSTON

SCIOTO COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/15/2022

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

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