



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF VINTON
GALLIA COUNTY
DECEMBER 31, 2018 AND 2017

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Vinton
Gallia County
121 Clay Street
P.O. Box 8
Vinton, Ohio 45686

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Vinton, Gallia County, Ohio (the Village), as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2018 and 2017, and the respective changes in financial position thereof for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Findings 2018-003 and 2018-005 in the accompanying Schedule of Findings, the Fiscal Officer posted receipts and disbursements incorrectly to the wrong funds. Due to the impact these adjustments would have on the General Fund, the Village has declined to make these adjustments this audit period.

Had the posting errors noted in the preceding paragraph been properly posted to the financial statements and the accounting system, the General Fund cash fund balance would have decreased \$15,696 State Highway Fund cash fund balance would have decreased \$118; Street Construction, Maintenance, and Repair Fund cash fund balance would have decreased \$24,241; Monthly Sewer Payment Fund cash fund balance would have decreased \$495, and the Sewer Debt Service Reserve Fund cash fund balance would have increased \$40,550.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion on Regulatory Basis of Accounting* paragraphs, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Vinton, Gallia County, Ohio, as of December 31, 2018 and 2017, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2 of the financial statements.

Emphasis of Matter

As discussed in Note 10 to the 2017 financial statements, the Village's management posted previously identified but unadjusted reconciling errors. The December 31, 2016 fund cash balance of the General Fund has been restated to reduce the fund by \$490, the fund cash balance of the Monthly Sewer Payments fund has been restated to reduce the fund by \$459, the fund cash balance of the Enterprise Debt Fund has been restated to reduce the fund by \$780, and the fund cash balance of the Enterprise Debt Service Reserve Fund has been restated to reduce the fund by \$321. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2020, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

March 3, 2020

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Village of Vinton, Ohio
Gallia County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$14,478	\$0	\$14,478
Intergovernmental	48,340	13,007	61,347
Charges for Services	32,601	0	32,601
Fines, Licenses and Permits	418	0	418
Miscellaneous	4,518	0	4,518
<i>Total Cash Receipts</i>	<u>100,355</u>	<u>13,007</u>	<u>113,362</u>
Cash Disbursements			
Current:			
Security of Persons and Property	37,588	0	37,588
Leisure Time Activities	1,003	0	1,003
Transportation	1,021	5,489	6,510
General Government	53,300	0	53,300
Debt Service:			
Principal Retirement	1,452	4,138	5,590
Interest and Fiscal Charges	76	392	468
<i>Total Cash Disbursements</i>	<u>94,440</u>	<u>10,019</u>	<u>104,459</u>
<i>Net Change in Fund Cash Balances</i>	5,915	2,988	8,903
<i>Fund Cash Balances, January 1</i>	<u>12,156</u>	<u>3,269</u>	<u>15,425</u>
Fund Cash Balances, December 31			
Restricted	0	6,257	6,257
Assigned	9,856	0	9,856
Unassigned (Deficit)	8,215	0	8,215
<i>Fund Cash Balances, December 31</i>	<u><u>\$18,071</u></u>	<u><u>\$6,257</u></u>	<u><u>\$24,328</u></u>

See accompanying notes to the basic financial statements

Village of Vinton, Ohio
Gallia County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2018

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	<u>\$105,620</u>
<i>Total Operating Cash Receipts</i>	<u>105,620</u>
Operating Cash Disbursements	
Contractual Services	30,809
Supplies and Materials	<u>35,794</u>
<i>Total Operating Cash Disbursements</i>	<u>66,603</u>
<i>Operating Income</i>	<u>39,017</u>
Non-Operating Receipts (Disbursements)	
Capital Outlay	(40,550)
Principal Retirement	(12,517)
Interest and Other Fiscal Charges	<u>(27,902)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(80,969)</u>
<i>Net Change in Fund Cash Balances</i>	(41,952)
<i>Fund Cash Balances, January 1</i>	<u>108,075</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$66,123</u></u>

See accompanying notes to the basic financial statements

Village of Vinton, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 - Reporting Entity

The Village of Vinton (the Village), Gallia 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 sewer utilities, maintenance of Village roads and bridges, and park operations. The Village contracts with the Gallia County Sheriff's department to provide security of persons and property. The Village appropriates General Fund money to support a volunteer fire department.

Public Entity Risk Pool

The Village participates in the Public Entities Pool of Ohio (PEP) public entity risk pool. 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 receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are 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 Fund:

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.

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

Village of Vinton, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

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

Sewer Debt Service Fund This fund receives monies from residents to cover the cost of the debt service on the USDA loan.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. 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. The Village did not encumber all commitments required by Ohio law.

A summary of 2018 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Village of Vinton, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Capital Assets

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

Fund Balance

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

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

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*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

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.

Village of Vinton, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$135,043	\$100,355	(\$34,688)
Special Revenue	17,466	13,007	(4,459)
Enterprise	184,111	105,620	(78,491)
Total	\$336,620	\$218,982	(\$117,638)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$125,000	\$94,440	\$30,560
Special Revenue	17,000	10,019	6,981
Enterprise	182,737	151,698	31,039
Total	\$324,737	\$256,157	\$68,580

Note 4 – Deposits

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

	2018
Demand deposits	\$90,451

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

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.

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

Village of Vinton, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 6 - Risk Management

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

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

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

	<u>2018</u>
Cash and investments	\$ 35,381,789
Actuarial liabilities	\$12,965,015

Note 7 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Village of Vinton, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 8 - Postemployment Benefits

OPERS offers 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 1 percent during calendar year 2018.

Note 9 – Debt

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
USDA Loans Sewer Project A	\$409,900	4.50%
USDA Loans Sewer Project B	\$194,500	4.50%
Ohio Valley Bank Line of Credit	\$509	5.75%
Ohio Valley Bank Commercial Loan	\$7,094	3.75%
Ohio Water Development Authority Loan	\$12,204	1.50%
Ohio Public Works Commission	\$24,054	0.00%
Total	\$648,261	

In fiscal year 2004, the Ohio Water Development Authority (OWDA) approved two loans totaling \$693,000 to finance additional expenditures of a sewage treatment project and to pay off the existing OWDA planning loan for the project. This loan was for interim financing of a wastewater collection system. This loan was repaid by financing approved by the USDA-Rural Development upon completion of the project in February 2006. The Village has agreed to set utility rates sufficient to cover debt service payments. Payment of principal began in 2009. Both loans will mature in September, 2046.

The Village issued debt to purchase a truck through Ohio Valley Bank on their line of credit April 23, 2013 in the amount of \$16,035. Village Council approved to draw \$4,500 for the same line of credit to be used to purchase a zero turn mower on July 26, 2013. Furthermore, the Village Council approved to draw \$5,000 from the same line of credit on January 16, 2014 and in return was paid back to Ohio Valley Bank the following month. Payments on the Village’s line of credit are paid monthly in the amount of \$308.78.

In 2013, the Village entered into an agreement with OWDA for the Vinton Waste Water Treatment Plant Improvement project in the amount of \$15,558. The interest rate on the loan is 1.50% and will be repaid over 30 years. The first payment was begun June 2013.

The Village entered into an agreement with Ohio Public Works Commission (OPWC) on July 1, 2012 in the amount not to exceed \$140,017 for the Waste Water Treatment Plant Improvement project for which \$42,006 was approved as a loan for the Village. The Village only borrowed \$30,067 at 0% interest over 20 years to be paid semiannually each year.

Village of Vinton, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 9 – Debt (Continued)

Furthermore, in 2016, The Village issued debt to finance the building of a walking bridge through Ohio Valley Bank on March 10, 2016 in the amount of \$15,189. The interest rate on the loan is 3.75% and will be repaid over 5 years. The first payment began April, 2016.

Amortization

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

Year ending December 31:	USDA Loans	OPWC Loan	OWDA	Ohio Valley Bank Line of Credit	Ohio Valley Commercial Loan
2019	38,398	1,503	646	3,705	3,341
2020	38,394	1,503	646	0	3,341
2021	38,368	1,503	646	0	1,825
2022	38,419	1,503	646	0	0
2023	38,343	1,503	646	0	0
2024-2028	192,046	7,517	3,230	0	0
2029-2033	191,954	7,517	3,230	0	0
2034-2038	191,949	1,505	3,230	0	0
2039-2046	307,101	0	2,907	0	0
Total	<u>\$1,074,970</u>	<u>\$24,054</u>	<u>\$15,825</u>	<u>\$3,705</u>	<u>\$8,507</u>

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Village of Vinton, Ohio*Gallia County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2017*

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$15,876	\$0	\$15,876
Intergovernmental	58,274	6,964	65,238
Charges for Services	18,224	0	18,224
Fines, Licenses and Permits	366	0	366
Miscellaneous	4,517	0	4,517
<i>Total Cash Receipts</i>	<u>97,257</u>	<u>6,964</u>	<u>104,221</u>
Cash Disbursements			
Current:			
Security of Persons and Property	35,317	0	35,317
Leisure Time Activities	988	0	988
Transportation	418	10,699	11,117
General Government	53,584	0	53,584
Debt Service:			
Principal Retirement	1,393	3,981	5,374
Interest and Fiscal Charges	162	569	731
<i>Total Cash Disbursements</i>	<u>91,862</u>	<u>15,249</u>	<u>107,111</u>
<i>Net Change in Fund Cash Balances</i>	5,395	(8,285)	(2,890)
<i>Fund Cash Balances, January 1</i>	<u>6,761</u>	<u>11,554</u>	<u>18,315</u>
Fund Cash Balances, December 31			
Restricted	0	3,269	3,269
Unassigned (Deficit)	12,156	0	12,156
<i>Fund Cash Balances, December 31</i>	<u>\$12,156</u>	<u>\$3,269</u>	<u>\$15,425</u>

See accompanying notes to the basic financial statements

Village of Vinton, Ohio
Gallia County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2017

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	<u>\$92,662</u>
<i>Total Operating Cash Receipts</i>	<u>92,662</u>
Operating Cash Disbursements	
Contractual Services	30,808
Supplies and Materials	<u>64,167</u>
<i>Total Operating Cash Disbursements</i>	<u>94,975</u>
<i>Operating Income</i>	(2,313)
Non-Operating Receipts (Disbursements)	
Principal Retirement	(12,736)
Interest and Other Fiscal Charges	<u>(28,405)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(41,141)</u>
<i>Net Change in Fund Cash Balances</i>	(43,454)
<i>Fund Cash Balances, January 1</i>	<u>151,529</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$108,075</u></u>
<i>See accompanying notes to the basic financial statements</i>	

Village of Vinton, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 - Reporting Entity

The Village of Vinton (the Village), Gallia 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 sewer utilities, maintenance of Village roads and bridges, and park operations. The Village contracts with the Gallia County Sheriff's department to provide security of persons and property. The Village appropriates General Fund money to support a volunteer fire department.

Public Entity Risk Pool

The Village participates in the Public Entities Pool of Ohio (PEP) public entity risk pool. 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 receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are 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 Fund:

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.

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

Village of Vinton, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

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

Sewer Debt Service Fund This fund receives monies from residents to cover the cost of the debt service on the USDA loan.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. 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. The Village did not encumber all commitments required by Ohio law.

A summary of 2017 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Village of Vinton, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Capital Assets

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

Fund Balance

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

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

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*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

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.

Village of Vinton, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$121,425	\$97,257	(\$24,168)
Special Revenue	16,634	6,964	(9,670)
Enterprise	138,741	92,662	(46,079)
Total	\$276,800	\$196,883	(\$79,917)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$123,948	\$91,862	\$32,086
Special Revenue	23,700	15,249	8,451
Enterprise	196,387	147,186	49,201
Total	\$344,035	\$254,297	\$89,738

Note 4 – Deposits

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

	2017
Demand deposits	\$123,500

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

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.

Village of Vinton, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 5 – Taxes (Continued)

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

Note 6 - Risk Management

The Government is exposed to various risks of property and casualty losses, and injuries to employees.

The Government insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Government belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

	<u>2017</u>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

At December 31, 2017, the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Government's share of these unpaid claims collectible in future years is approximately \$2,000.

Village of Vinton, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 6 – Risk Management (Continued)

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>2017 Contributions to PEP</u> <u>\$3,954</u>
--

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 7 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Note 8 - Postemployment Benefits

OPERS offers 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 1 percent during calendar year 2017.

Village of Vinton, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 9 – Debt

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
USDA Loans Sewer Project A	\$417,200	4.50%
USDA Loans Sewer Project B	\$197,900	4.50%
Ohio Valley Bank Line of Credit	\$3,737	5.75%
Ohio Valley Bank Commercial Loan	\$10,102	3.75%
Ohio Water Development Authority Loan	\$12,624	1.50%
Ohio Public Works Commission	\$25,557	0.00%
Total	\$667,120	

In fiscal year 2004, the Ohio Water Development Authority (OWDA) approved two loans totaling \$693,000 to finance additional expenditures of a sewage treatment project and to pay off the existing OWDA planning loan for the project. This loan was for interim financing of a wastewater collection system. This loan was repaid by financing approved by the USDA-Rural Development upon completion of the project in February 2006. The Village has agreed to set utility rates sufficient to cover debt service payments. Payment of principal began in 2009. Both loans will mature in September, 2046.

The Village issued debt to purchase a truck through Ohio Valley Bank on their line of credit April 23, 2013 in the amount of \$16,035. Village Council approved to draw \$4,500 for the same line of credit to be used to purchase a zero turn mower on July 26, 2013. Furthermore, the Village Council approved to draw \$5,000 from the same line of credit on January 16, 2014 and in return was paid back to Ohio Valley Bank the following month. Payments on the Village’s line of credit are paid monthly in the amount of \$308.78.

In 2013, the Village entered into an agreement with OWDA for the Vinton Waste Water Treatment Plant Improvement project in the amount of \$15,558. The interest rate on the loan is 1.50% and will be repaid over 30 years. The first payment was begun June 2013.

The Village entered into an agreement with Ohio Public Works Commission (OPWC) on July 1, 2012 in the amount not to exceed \$140,017 for the Waste Water Treatment Plant Improvement project for which \$42,006 was approved as a loan for the Village. The Village only borrowed \$30,067 at 0% interest over 20 years to be paid semiannually each year.

Furthermore, in 2016, The Village issued debt to finance the building of a walking bridge through Ohio Valley Bank on March 10, 2016 in the amount of \$15,189. The interest rate on the loan is 3.75% and will be repaid over 5 years. The first payment began April, 2016.

Village of Vinton, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Amortization

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

Year ending December 31:	USDA Loans	OPWC Loan	OWDA	Ohio Valley Bank Line of Credit	Ohio Valley Commercial Loan
2018	38,380	1,503	646	3,705	3,341
2019	38,398	1,503	646	3,705	3,341
2020	38,394	1,503	646	0	3,341
2021	38,368	1,503	646	0	1,825
2022	38,419	1,503	646	0	0
2023-2027	191,931	7,517	3,230	0	0
2028-2032	191,949	7,517	3,230	0	0
2033-2037	191,952	3,009	3,230	0	0
2038-2042	192,025	0	3,230	0	0
2043-2046	153,536	0	323	0	0
Total	<u>\$1,113,349</u>	<u>\$25,558</u>	<u>\$16,471</u>	<u>\$7,410</u>	<u>\$11,847</u>

Note 10 – Restatement of Beginning Balances

The Village’s management posted previously identified but unadjusted reconciling errors. The December 31, 2016 fund cash balance of the General Fund has been restated to reduce the fund by \$490, the fund cash balance of the Monthly Sewer Payments fund has been restated to reduce the fund by \$459, the fund cash balance of the Enterprise Debt Fund has been restated to reduce the fund by \$780, and the fund cash balance of the Enterprise Debt Service Reserve Fund has been restated to reduce the fund by \$321.

	General	Special Revenue	Enterprise
December 31, 2016 Fund Balance	\$7,251	\$11,554	\$153,089
Restatement	(490)	0	(1,560)
January 1, 2017 Fund Balance	<u>\$6,761</u>	<u>\$11,554</u>	<u>\$151,529</u>

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 Vinton
Gallia County
121 Clay Street
P.O. Box 8
Vinton, Ohio 45686

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Vinton, Gallia County, Ohio (the Village), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated March 3, 2020 wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We also qualified our opinion on the financial statements for 2018 and 2017 due to the Village not making a \$15,696, \$118, \$24,241, and \$495 adjustment against the General Fund, State Highway Fund, Street Construction, Maintenance and Repair Fund, and Monthly Sewer Payment Fund, respectively, and in favor of the Enterprise Debt Service Reserve Fund in the amount of \$40,550. In addition, we noted the Village restated the January 1, 2017 fund balance in the General Fund, Monthly Sewer Payments Fund, Enterprise Debt Service Fund, and Enterprise Debt Service Reserve Fund.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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

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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider findings 2018-003 through 2018-005 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2018-001 through 2018-003.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

March 3, 2020

VILLAGE OF VINTON
GALLIA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-001

Noncompliance

Ohio Rev. Code § 2921.42(A)(1) provides that no public official shall knowingly authorize, or employ the authority or influence of the public official's office to secure authorization of any public contract in which the public official, a member of the public official's family, or any of the public official's business associates has an interest.

Ohio Rev. Code § 731.12 provides each member of the legislative authority of a village shall have resided in the village one year immediately preceding the member's election, and shall be an elector of the village. No member of the legislative authority shall hold any other public office, be interested in any contract with the Village, or hold employment with said village, provided that such member shall not receive any compensation for his services as a volunteer fireman of the village in addition to his regular compensation as a member of the legislative authority. Any member who ceases to possess any of such qualifications or who removes from the village shall forfeit the member's office.

On June 18, 2015, Village Council approved the hiring of Councilman Denver Bates as a contract laborer cutting grass and removing snow at a rate of \$13 per hour. The Village continued to contract with Mr. Bates for cutting grass and removing snow during 2017 and 2018. Mr. Bates was paid \$17,556 in 2018 and \$20,969.12 in 2017 as a contract laborer.

On September 21, 2017, Mr. Bates motioned to approved to pay for necessary repairs to the Village Town Hall out of the Sewer Fund (5203) and the motion was approved by the Village Council. A listing of repairs needed or completed were not maintained with Mr. Bates completing the repairs as contract labor, but was not paid at his approved \$13 per hour rate, opting to bill the Village for flat amounts which were not supported. The work completed constituted \$7,700 of his 2017 contract labor amount.

On August 19, 2018 the Village issued check #15628 to Councilman Zach Haner for work completed to install basketball hoops. Mr. Haner was paid \$1,352 for the work completed and received a 1099 for independent contract work. Review of the minutes did not show approval by Council to hire Mr. Haner to complete the work nor was an official contract completed.

Ohio Rev. Code § 2921.42(A)(1) prohibits the Village from hiring any political official who currently holds a position on the Village Council as an employee of the Village. Further, Ohio Rev. Code § 731.12 prohibits any sitting Village Council Member from holding a contract or employment with the Village and by doing so shall forfeit their ability to sit on the Council.

The Village should only hire employees which would be allowable under the Ohio Rev. Code. This matter will be referred to the Ohio Ethics Commission and the Gallia County Board of Elections for whatever action deemed necessary.

VILLAGE OF VINTON
GALLIA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)

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

FINDING NUMBER 2018-002

Noncompliance

Ohio Rev. Code § 5705.41(D)(1) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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

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

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for 83% of the expenditures tested during 2017 and 2018. In addition there was no evidence that the Village followed the aforementioned exceptions. This resulted in the Village having \$12,300 at December 31, 2017 and \$4,126 at December 31, 2018. Without these certifications, the management of the Village lost some of the control over expenditures.

Furthermore, the Village used "blanket" certificates for which Village Council did not have a resolution adopted to establish a maximum amount.

VILLAGE OF VINTON
GALLIA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)

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

FINDING NUMBER 2018-002 (Continued)

Noncompliance - Ohio Rev. Code § 5705.41(D)(1) (Continued)

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

The Village officials should obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language § 5705.41(D) required to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of § 5705.41(D) are satisfied and should only post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. In addition, Village Council should adopt a resolution to establish a maximum amount for "blanket" certificates.

FINDING NUMBER 2018-003

Noncompliance, Material Weakness and Finding for Adjustment

Village Ordinance 2006-01, § 6(B)(3) provides that monthly, commencing with the first day of the calendar month following the initial delivery of the series 2006 bond, there shall be set aside and deposited in the Sanitary Sewer System Reserve Fund (the "Reserve Fund"), which such fund is hereby established in the custody of the Village, the sum of \$320.70 until there is accumulated in such fund the sum of \$38,484 (the "Minimum Reserve"), after which no further deposits need be made into such fund except to replace withdrawals. With the approval of the United States Government, the Minimum Reserve shall be used and disbursed only for the purpose of paying the cost of repairing or replacing any damage to the System which may be caused by an unforeseen catastrophe and when necessary for the purpose of making payments of principal and interest on the Bonds hereby authorized if the amount in the Sinking Fund is not sufficient to meet such payment. Whenever disbursements are made from such fund, monthly payments shall be resumed until there is again accumulated in such fund, monthly payments shall be resumed until there is again accumulated in such fund an amount equal to the Minimum Reserve, at which time payments may be again discontinued.

During 2018, the Village made a disbursement on check number #15607 for a "Sewer Paving Project" in the amount of \$40,550 from the Sewer Reserve Fund. Review of the invoice indicated that the project consisted of two separate projects. The first for \$31,800 for the paving of Keystone Road and the second for \$8,750 for the paving and painting of a basketball court. Based on the invoice, these disbursements do not meet the criteria of "repairing or replacing any damage to the System which may be caused by an unforeseen catastrophe." The balance of the Debt Reserve fund was \$50,895 prior to the disbursement and was reduced to an amount below the Minimum Reserve established in the Debt Contract with a remaining balance of the fund being \$10,345. Further, the Village did not obtain approval from the United States Department of Agriculture (USDA) as required to disburse funds from the Minimum Reserve balance.

Failure to follow the debt covenants laid out in the contract could lead to the Village violating the debt agreement, possible penalties against the Village, or possible default on the debt opening the Village to possible lawsuits by USDA to recover the remaining balance.

**VILLAGE OF VINTON
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)**

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

FINDING NUMBER 2018-003 (Continued)

Noncompliance, Material Weakness and Finding for Adjustment - Village Ordinance 2006-01, § 6(B)(3)

In accordance with foregoing facts, a Finding for Adjustment is hereby issued against the Village's General Fund in the amount of \$8,750 and the Street Maintenance Fund in the amount of \$31,800 in favor of the Sewer Reserve Fund.

The Village should review the debt agreement and ensure that any disbursements from the applicable fund are approved by the USDA prior to disbursement.

FINDING NUMBER 2018-004

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 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 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.

At December 31, 2018, estimated receipts as approved by the Budget Commission did not agree to the Village's UAN accounting system as follows:

	Approved	System	Variance
Enterprise Debt Service Reserve Fund	\$44,398	\$3,848	\$40,550

At December 31, 2018, appropriations as approved by the Village Council did not agree to the Village's UAN accounting system as follows:

	Approved	System	Variance
General Fund	\$125,000	\$133,060	(\$8,060)
Enterprise Debt Service Fund	38,339	38,380	(41)

VILLAGE OF VINTON
GALLIA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)

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

FINDING NUMBER 2018-004 (Continued)

Material Weakness (Continued)

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by Council were not properly posted to the accounting system. Additionally, the estimated receipts per the approved Certificate of Estimated Resources (and/or amendments thereof) were not properly posted to the accounting system.

Failure to accurately post the appropriations and estimated receipts 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 statements.

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, estimated receipts as certified by the budget commission and appropriations approved by the Council. The Village should then monitor budget versus actual reports to help ensure estimated receipts per amended certificates of resources and appropriations have been properly posted to the ledgers.

FINDING NUMBER 2018-005

Material Weakness and Finding for Adjustment

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

The financial statements had the following errors that required adjustment or reclassification:

For the year ended December 31, 2018:

- Statement No. 54 of the Governmental Accounting Standards Board (GASB) defines the reporting of fund balances on the financial statements and was codified as follows: GASB Cod. 1800.176 require reporting amounts as assigned when subsequent appropriations exceed estimated receipts. The Village improperly reported the assigned portion of the General Fund's cash fund balance as unassigned, in the amount of \$9,856;
- General Fund principal retirement and interest disbursements of \$1,452 and \$76, respectively, were incorrectly reported as general government disbursements of \$1,528;
- General Fund general government disbursements of \$5,140 were incorrectly reported as basic utility services disbursements;
- Street, Construction, Maintenance, and Repair Fund principal retirement and interest disbursements of \$4,138 and \$392, respectively, were incorrectly reported as transportation disbursements of \$4,530;
- Monthly Sewer Payments Fund principal retirement and interest disbursements of \$1,817 and \$222, respectively, were incorrectly reported as supplies and materials disbursements of \$2,039; and
- Monthly Sewer Payments Fund contractual services disbursements of \$4,754 were incorrectly reported as supplies and materials disbursements.

VILLAGE OF VINTON
GALLIA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)

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

FINDING NUMBER 2018-005 (Continued)

Material Weakness and Finding for Adjustment (Continued)

For the year ended December 31, 2017:

- General Fund intergovernmental receipts of \$21,649 were incorrectly reported as miscellaneous receipts;
- General Fund principal retirement and interest disbursements of \$1,393 and \$162, respectively, were incorrectly reported as general government disbursements of \$1,555;
- General Fund general government disbursements of \$3,968 were incorrectly reported as basic utility services disbursements;
- Street, Construction, Maintenance, and Repair Fund principal retirement and interest disbursements of \$3,981 and \$569, respectively, were incorrectly reported as transportation disbursements of \$4,550;
- Monthly Sewer Payments Fund principal retirement and interest disbursements of \$2,536 and \$266, respectively, were incorrectly reported as supplies and materials disbursements of \$2,802;
- Monthly Sewer Payments Fund contractual services disbursements of \$8,838 were incorrectly reported as supplies and materials disbursements; and
- Monthly Sewer Payments Fund charges for services receipts were overstated by \$6 due to double posting of a correction to fix a posting error.

As a result of the audit procedures performed in prior audits that were not previously adjusted, the financial statements had the following errors that required adjustment or reclassification:

For the year ended December 31, 2016:

- General Fund general government disbursements were understated by \$428 due to a disbursement clearing the bank that wasn't posted to UAN.

For the year ended December 31, 2015:

- General Fund general government disbursements were overstated \$376 due to a disbursement posted to UAN that didn't clear the bank;
- Monthly Sewer Payments Fund charges for service receipts were overstated by \$459 due to duplicate postings in UAN;
- Enterprise Debt Service Fund charges for service receipts were overstated by \$780 due to duplicate posting of a receipt; and
- Enterprise Debt Service Reserve Fund charges for service receipts were overstated by \$321 due to duplicate posting of a receipt.

For the year ended December 31, 2013:

- General Fund miscellaneous receipts were overstated by \$438 due to posting of an incorrect memo receipt.

The audited financial statements and the Village's UAN accounting system have been adjusted for the errors noted above.

In addition, the financial statements had the following errors that required audit adjustments that were not posted:

VILLAGE OF VINTON
GALLIA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)

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

FINDING NUMBER 2018-005 (Continued)

Material Weakness and Finding for Adjustment (Continued)

For the year ended December 31, 2018:

- General Fund intergovernmental receipts of \$1,599 were incorrectly posted as intergovernmental receipts of \$1,479 in the Street Construction, Maintenance and Repair Fund and intergovernmental receipts of \$120 in the State Highway Fund.

For the year ended December 31, 2017:

- Street, Construction, Maintenance, and Repair Fund intergovernmental receipts of \$1,624 were incorrectly posted as miscellaneous receipts in the General Fund; and
- State Highway Fund intergovernmental receipts of \$132 were incorrectly posted as miscellaneous receipts in the General Fund.

In addition, as a result of the audit procedures performed in prior audits, the financial statements had the following errors that required adjustment that were not posted:

For the year ended December 31, 2016:

- General Fund charges for services receipts of \$3,874 were incorrectly reported as Monthly Sewer Payments Fund charges for services;
- Street, Construction, Maintenance, and Repair Fund intergovernmental receipts of \$2,372 and State Highway Fund intergovernmental receipts of \$192 were incorrectly reported as General Fund miscellaneous receipts of \$2,564;
- Street, Construction, Maintenance, and Repair Fund intergovernmental receipts of \$79 were incorrectly posted as intergovernmental receipts in the State Highway Fund; and
- Monthly Sewer Payments Fund charges for services receipts of \$276 were incorrectly posted as taxes receipts in the General Fund.

For the year ended December 31, 2015:

- General Fund intergovernmental receipts of \$351 were incorrectly reported as intergovernmental receipts of \$325 in the Street, Construction, Maintenance, and Repair Fund and \$26 in the State Highway Fund;
- Street, Construction, Maintenance, and Repair Fund intergovernmental receipts of \$317 and State Highway Fund intergovernmental receipts of \$26 were incorrectly reported as General Fund intergovernmental receipts of \$213 and miscellaneous receipts of \$130;
- Street Construction, Maintenance, and Repair Fund intergovernmental receipts of \$307 were incorrectly reported as State Highway Fund intergovernmental receipts;
- Street, Construction, Maintenance, and Repair Fund intergovernmental receipts of \$2,944 and State Highway Fund intergovernmental receipts of \$239 were incorrectly reported as General Fund intergovernmental receipts of \$241 and miscellaneous receipts of \$2,942; and
- General Fund interest disbursements of \$158 were incorrectly posted as Street, Construction, Maintenance, and Repair Fund interest disbursements of \$48 and Monthly Sewer Payments Fund interest disbursements of \$110.

VILLAGE OF VINTON
GALLIA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)

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

FINDING NUMBER 2018-005 (Continued)

Material Weakness and Finding for Adjustment (Continued)

For the year ended December 31, 2014:

- General Fund intergovernmental receipts of \$1,627 were incorrectly posted to the Street Maintenance and Repair Fund (\$1,505) and State Highway Fund (\$122);
- Street Construction, Maintenance, and Repair Fund intergovernmental receipts of \$1,126 were incorrectly posted as intergovernmental receipts in the General Fund;
- Street Construction, Maintenance, and Repair Fund intergovernmental receipts of \$279 were incorrectly posted as intergovernmental receipts in the State Highway Fund;
- Street Construction, Maintenance, and Repair Fund intergovernmental receipts of \$1,676 were incorrectly posted as miscellaneous receipts in the General Fund;
- State Highway Fund intergovernmental receipts of \$91 were incorrectly posted as intergovernmental receipts in the General Fund; and
- State Highway Fund intergovernmental receipts of \$135 were incorrectly posted as miscellaneous receipts in the General Fund.

For the year ended December 31, 2013:

- Sewer Monthly Payment Fund interest and fiscal charges of \$26 were incorrectly posted to General Fund general government;
- Sewer Monthly Payment Fund interest and fiscal charges in the amount of \$96 were incorrectly posted to the Street Construction, Maintenance, and Repair Fund as transportation disbursements; and
- Sewer Monthly Payment Fund charges for services receipts of \$2,570 were incorrectly posted to the General Fund as miscellaneous receipts.

For the year ended December 31, 2012:

- Sewer Monthly Payment Fund charges for services receipts of \$545 were incorrectly posted as taxes receipts in the General Fund.

The Fiscal Officer has not posted these current and prior audit adjustments to the Village records, and, therefore, they are not reflected in the accompanying financial statements.

In accordance with foregoing facts, a Finding for Adjustment is hereby issued against the Village's General Fund in the amount of \$6,946 and the State Highway Fund in the amount of \$118 and the Monthly Sewer Receipts Fund in the amount of \$495 in favor of the Street Construction Maintenance, and Repair Fund in the amount of \$7,559.

The Fiscal Officer should review the Township handbook for guidance on the correct line items to post various receipts and disbursements to ensure the financial statements are complete and accurate. The Fiscal Officer should also review Auditor of State Bulletin 2011-004 for Statement No. 54 of the Governmental Accounting Standards Board (GASB) for proper reporting of fund balances on the financial statements [see GASB Cod. 1800.165]. In addition, the Board of Trustees should adopt policies and procedures including a final review of the financial statements and notes by the Fiscal Officer and Board of Trustees.

Officials' Response: We did not receive responses from Officials to these findings.

**VILLAGE OF VINTON
GALLIA COUNTY
121 CLAY STREET
P.O. BOX 8
VINTON, OH 45686**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2018 AND 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Ohio Rev. Code § 2921.42(A)(1) – Unlawful interest in a public contract	Not Corrected	No additional information was provided by the Village management.
2016-002	Ohio Rev. Code § 5705.41(D)(1) – Village did not certify the availability of funds prior to expending funds.	Not Corrected	No additional information was provided by the Village management.
2016-003	Ohio Admin. Code § 117-2-02(C)(1) – Approved appropriations and estimated receipts did not agree to Village accounting system.	Not Corrected	No additional information was provided by the Village management.
2016-004	Ohio Admin. Code § 117-2-02(A) – Finding for Adjustment and Material Weakness for incorrect posting of receipts and expenditures and not posting the audit adjustments.	Not Corrected	No additional information was provided by the Village management.

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF VINTON

GALLIA 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
MARCH 19, 2020**