



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 Financial Statements***

We have audited the accompanying 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, 2020 and for each governmental and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of New Boston, Scioto County, Ohio (the Village).

### ***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 Section 117.38 and Ohio Administrative Code Section 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 Section 117.38 and Ohio Administrative Code Section 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 Section 117.38 and Ohio Administrative Code Section 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, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 13 to the 2020 financial statements and Note 12 to the 2019 financial statements, 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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2021, 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  
November 22, 2021

**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, 2020*

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$257,831	\$113,249	\$74,370		\$445,450
Municipal Income Tax	1,386,323	356,056		\$35,179	1,777,558
Intergovernmental	228,230	1,034,123	2,741	129,980	1,395,074
Charges for Services	21,880	31,991	98,178		152,049
Fines, Licenses and Permits	80,456	2,362			82,818
Earnings on Investments	134	35		1	170
Miscellaneous	328,339	29,960			358,299
<i>Total Cash Receipts</i>	<u>2,303,193</u>	<u>1,567,776</u>	<u>175,289</u>	<u>165,160</u>	<u>4,211,418</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	656,111	537,012			1,193,123
Public Health Services	23,276				23,276
Leisure Time Activities	39,940	3,257			43,197
Community Environment		999			999
Basic Utility Services	209,629	405,917	822		616,368
Transportation	82,523	71,423			153,946
General Government	1,029,400	162,488	1,682	404	1,193,974
Capital Outlay	69,870	261,434		286,504	617,808
Debt Service:					
Principal Retirement			188,264		188,264
Interest and Fiscal Charges			5,090		5,090
<i>Total Cash Disbursements</i>	<u>2,110,749</u>	<u>1,442,530</u>	<u>195,858</u>	<u>286,908</u>	<u>4,036,045</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>192,444</u>	<u>125,246</u>	<u>(20,569)</u>	<u>(121,748)</u>	<u>175,373</u>
<b>Other Financing Receipts (Disbursements)</b>					
Loans Issued				110,525	110,525
Other Debt Proceeds		900			900
Transfers In		22,000			22,000
Transfers Out	(22,000)				(22,000)
Advances In	26,000	20,000			46,000
Advances Out	(26,000)	(20,000)			(46,000)
Other Financing Sources				1,906	1,906
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(22,000)</u>	<u>22,900</u>	<u>0</u>	<u>112,431</u>	<u>113,331</u>
<i>Net Change in Fund Cash Balances</i>	<u>170,444</u>	<u>148,146</u>	<u>(20,569)</u>	<u>(9,317)</u>	<u>288,704</u>
<i>Fund Cash Balances, January 1</i>	<u>492,430</u>	<u>275,785</u>	<u>166,706</u>	<u>33,129</u>	<u>968,050</u>
<i>Fund Cash Balances, December 31</i>	<u>\$662,874</u>	<u>423,931</u>	<u>\$146,137</u>	<u>\$23,812</u>	<u>\$1,256,754</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, 2020*

	<u>Fiduciary Fund Type</u>
	<u>Custodial</u>
	<u>Mayor's Court</u>
<b>Additions</b>	
Other Amounts Collected for Distribution	41,269
<i>Total Additions</i>	<u>41,269</u>
<b>Deductions</b>	
Other Distributions	41,269
<i>Total Deductions</i>	<u>41,269</u>
<i>Net Change in Fund Balances</i>	0
<i>Fund Cash Balances, January 1</i>	<u>(26)</u>
<i>Fund Cash Balances, December 31</i>	<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, 2020*

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**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.

***Public Entity Risk Pool***

The Village participates in the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. Note 7 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 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:

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

***COPS Federal Grant Fund*** The COPS Federal Grant fund received federal funds for COVID related expenditures.

***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:

**Village of New Boston, Ohio**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**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.

**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 VII Project Fund** This fund reflects activity related to Phase VII of the Combined Sewer Overflow Project. This project was started in January 2019 and is funded by OWDA/DEFA principal forgiveness loans to pay for capital outlay expenditures related to the sewer overflow project. The Phase VII was completed in 2020.

**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). Therefore, no cost to village. Completion is expected in March 2021.

**CSO Phase 8B Project Fund** This fund was started in 2020. The Village received a 20 year planning loan from OWDA for \$224,284. 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 the cost could be up to \$3 million.

**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 fund accounts for Mayor's Court Activity.

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 (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 Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

**Village of New Boston, Ohio**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***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 2020 budgetary activity appears in Note 4.

***Deposits***

The Village maintains its deposit pool in checking accounts at a local financial institution.

***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 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.

**Village of New Boston, Ohio**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**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 12.

**Note 3 – Compliance**

Contrary to Ohio law, 50% of the transactions tested for unrecorded encumbrances at December 31, 2020 were not certified by the Village Clerk/Treasurer at the time the commitment was incurred.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,132,327	\$2,329,193	\$196,866
Special Revenue	2,381,455	1,610,676	(770,779)
Debt Service	174,000	175,289	1,289
Capital Projects	743,479	277,591	(465,888)
Total	\$5,431,261	\$4,392,749	(\$1,038,512)

**Village of New Boston, Ohio**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,391,293	\$2,181,376	\$209,917
Special Revenue	2,633,965	1,623,582	1,010,383
Debt Service	198,871	195,858	3,013
Capital Projects	211,091	326,658	(115,567)
<b>Total</b>	<b>\$5,435,220</b>	<b>\$4,327,474</b>	<b>\$1,107,746</b>

**Note 5 – 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 and investments. A summary of the Village’s deposit accounts are as follows:

	2020
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$1,256,754
Mayor's Court	(26)
<b>Total Deposits</b>	<b>\$1,256,728</b>

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 6 – Taxes**

***Property Taxes***

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

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

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

**Village of New Boston, Ohio**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***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 7 – Risk Management**

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

The Village insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The Village 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**

The (local entity) 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 (local entity’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>2020</u>
Cash and investments	\$ 40,318,971
Actuarial liabilities	\$14,111,510

**Village of New Boston, Ohio**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 8 – 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, 2020.

***Ohio Police and Fire Retirement System***

The Village's Certified Firefighters 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. January 1 through May 31, 2020, the Village contributed 6.125 percent of the wages on behalf of all of the OP&F participants. The participants contributed the remainder of the mandatory contributions, which was 6.125 percent of their wages. Beginning June 1, through December 31, 2020, the village contributed 6.125 percent of the wages on behalf of the certified firefighters. The certified firefighters contributed the remainder of the mandatory contribution which was 6.125 percent. The full-time police officers contributed the full amount of 12.25 percent through OP&F's salary reduction plan. The Village contributed to OP&F an amount equal to 19.5 percent of certified firefighters and full-time police members' wages. The Village has paid all contributions required through December 31, 2020.

**Note 9 – 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 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. 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, 2020*

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**Note 10 – Debt**

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
Floodwall Improvements	\$44,092	3.75%
John Deere Tractor	\$3,041	0%
OWDA Loan (6631)	\$852,051	0%
OWDA Loan (6875)	\$298,239	0%
OWDA Loan (7484)	\$263,161	0%
OWDA Loan (7847)	\$228,415	0.0%
OWDA Loan (9006)	\$105,175	2.12%
Administrator & Fire Chief Vehicles	\$45,441	3.61%
Total	\$1,839,615	

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

The John Deere Tractor Loan was for the purchase of a tractor. The loan was issued in 2016 for \$26,168 with an interest rate of 0%, with principal payments of \$493.13 due monthly. The faith, credit & revenue of the village have been pledged for payment.

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.



**Village of New Boston, Ohio**  
*Scioto County*  
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The Ohio Water Development Authority Loan #9006 was for the combined sewer separation planning for project phase 8B. 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 2020 with an interest rate of 2.12%, with semi-annual payments for 5 years and one final balloon payment at the end of the loan term.

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.

***Amortization***

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

Year Ending December 31:	Floodwall Improvement	John Deere Tractor	OWDA Loan #6631	OWDA Loan #6875	OWDA Loan #7484	OWDA Loan #7847	OWDA Loan #9006	Administrator & Fire Chief Vehicles
2021	\$36,022	\$3,041	\$60,861	\$19,241	\$15,480	\$12,690	\$11,214	\$12,916
2022	9,005		60,861	19,241	15,480	12,690	11,214	12,916
2023			60,861	19,241	15,480	12,690	11,214	12,916
2024			60,861	19,241	15,480	12,690	11,214	10,840
2025			60,861	19,241	15,480	12,690	60,319	
2026-2030			304,305	96,205	77,400	63,450		
2031-2035			243,444	96,205	77,400	63,450		
2036-2040				9,625	30,962	38,070		
Total	<u>\$45,027</u>	<u>\$3,041</u>	<u>\$852,054</u>	<u>\$298,240</u>	<u>\$263,162</u>	<u>\$228,420</u>	<u>\$105,175</u>	<u>\$49,588</u>

**Note 11 – Contingent Liabilities**

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.

The Village is defendant in two lawsuits. 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.

**Note 12 – 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:

**Village of New Boston, Ohio**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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Fund Balances	General	Special Revenue	Debt Service	Capital Projects	Total
Outstanding Encumbrances	\$22,627	\$88,897	\$0	\$0	\$111,524
<i>Total</i>	<u>\$22,627</u>	<u>\$88,897</u>	<u>\$0</u>	<u>\$0</u>	<u>\$111,524</u>

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 13 – 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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 14 – Subsequent Events**

CSO Phase 8A & 8B will start construction in 2021. The Village also received a \$300,000 Community Improvement Loan in 2021 for paving, police dispatch room improvements and playground equipment.

**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, 2019*

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$269,836	\$118,327	\$74,249		\$462,412
Municipal Income Tax	1,512,439	387,805		\$38,779	1,939,023
Intergovernmental	212,522	313,907	4,678	1,609,871	2,140,978
Charges for Services	27,385	32,091	97,579		157,055
Fines, Licenses and Permits	86,780	4,401			91,181
Earnings on Investments	160	47			207
Miscellaneous	75,961	28,658			104,619
<i>Total Cash Receipts</i>	<u>2,185,083</u>	<u>885,236</u>	<u>176,506</u>	<u>1,648,650</u>	<u>4,895,475</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	578,707	441,293			1,020,000
Public Health Services	21,000				21,000
Leisure Time Activities	64,881				64,881
Community Environment		10,583			10,583
Basic Utility Services	229,463	54,731			284,194
Transportation	52,104	83,125			135,229
General Government	986,311	33,413	1,500	258	1,021,482
Capital Outlay		219,086		1,899,427	2,118,513
Debt Service:					
Principal Retirement			164,838		164,838
Interest and Fiscal Charges			4,481		4,481
<i>Total Cash Disbursements</i>	<u>1,932,466</u>	<u>842,231</u>	<u>170,819</u>	<u>1,899,685</u>	<u>4,845,201</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>252,617</u>	<u>43,005</u>	<u>5,687</u>	<u>(251,035)</u>	<u>50,274</u>
<b>Other Financing Receipts (Disbursements)</b>					
Loans Issued				155,260	155,260
Other Debt Proceeds		3,281			3,281
Transfers In		21,000		31,000	52,000
Transfers Out	(52,000)				(52,000)
Advances In	10,000	20,000			30,000
Advances Out	(20,000)	(10,000)			(30,000)
Other Financing Sources	24,269			9,900	34,169
Other Financing Uses		(640)			(640)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(37,731)</u>	<u>33,641</u>	<u>0</u>	<u>196,160</u>	<u>192,070</u>
<i>Net Change in Fund Cash Balances</i>	214,886	76,646	5,687	(54,875)	242,344
<i>Fund Cash Balances, January 1</i>	<u>277,544</u>	<u>199,139</u>	<u>161,019</u>	<u>88,004</u>	<u>725,706</u>
<b>Fund Cash Balances, December 31</b>					
Restricted		275,785	166,706	33,129	475,620
Assigned	105,521				105,521
Unassigned	386,909				386,909
<i>Fund Cash Balances, December 31</i>	<u>\$492,430</u>	<u>\$275,785</u>	<u>\$166,706</u>	<u>\$33,129</u>	<u>\$968,050</u>

See accompanying notes to the basic financial statements

**Village of New Boston, Ohio**  
*Scioto County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Fiduciary Fund Types*  
*For the Year Ended December 31, 2019*

	Agency Fund Type
	<u>Mayor's Court</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Other Financing Sources	53,450
Other Financing Uses	<u>(53,450)</u>
<i>Net Change in Fund Cash Balances</i>	0
<i>Fund Cash Balances, January 1</i>	<u>(26)</u>
<i>Fund Cash Balances, December 31</i>	<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, 2019*

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**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.

***Public Entity Risk Pool***

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 provide 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 Funds:

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

***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 collections from residents for a user fee associated with the usage of water consumption. Those monies are used are used to repay

**Village of New Boston, Ohio**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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Ohio Water Development Authority (OWDA) loans related to 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 VI Project Fund** This fund reflects activity related to Phase VI of the Combined Sewer Overflow Project. This project was funded by OWDA loans and grants to pay for capital outlay expenditures related to the sewer overflow project. The Phase VI has been completed.

**CSO VII Project Fund** This fund reflects activity related to Phase VII of the Combined Sewer Overflow Project. This project was started in January 2019 and is funded by OWDA/DEFA principal forgiveness loans to pay for capital outlay expenditures related to the sewer overflow project. The Phase VII is still ongoing at the end of 2019.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village does not have any private purpose trust funds.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for Mayor's Court Fines and Forfeitures.

***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 (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 Section 117.38 and Ohio Administrative Code Section 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 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.

**Village of New Boston, Ohio**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**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. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered. A summary of 2019 budgetary activity appears in Note 4.

**Deposits**

The Village maintains its deposit pool in checking accounts at a local financial institution.

**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.

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

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

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

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

**Village of New Boston, Ohio**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,878,494	\$2,219,352	\$340,858
Special Revenue	1,047,283	929,517	(117,766)
Debt Service	173,000	176,505	3,505
Capital Projects	2,167,544	1,844,810	(322,734)
Total	<u>\$5,266,321</u>	<u>\$5,170,184</u>	<u>(\$96,137)</u>

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,062,898	\$2,008,515	\$54,383
Special Revenue	1,070,456	854,377	216,079
Debt Service	256,455	170,819	85,636
Capital Projects	3,777,375	2,064,116	1,713,259
Total	<u>\$7,167,184</u>	<u>\$5,097,827</u>	<u>\$2,069,357</u>

**Note 4 – Deposits**

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31, 2019 was as follows:

Demand deposits	\$968,050
Mayor's Court	<u>(26)</u>
Total Deposits	<u>\$968,024</u>

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.



**Village of New Boston, Ohio**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**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.

***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**

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

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

The Village 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**

The (local entity) 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 (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability

**Village of New Boston, Ohio**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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- 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:

2019

Cash and investments	\$ 38,432,610
Actuarial liabilities	\$14,705,917

**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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. The Village contributed 10% of OPERS members’ gross salaries on their behalf, except for elected officials and part time employees who contributed the 10% their gross salaries, and the Village contributed an amount equaling 14% of participants’ gross salaries for the employer share. The Village has paid all contributions required through December 31, 2019.

***Ohio Police and Fire Retirement System***

The Village’s full-time Police Officers and Certified Firefighters 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. January 1, 2019 to December 31, 2019, the village contributed 6.125 percent of the wages on behalf of the OP&F participants. OP&F participants contributed 6.125 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of certified firefighters and full-time police members’ wages. The Village has paid all contributions required through December 31, 2019.

**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 2019. The portion of

**Village of New Boston, Ohio**  
*Scioto County*  
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employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. 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.

**Note 9 – Debt**

Debt outstanding at December 31, 2019, was as follows:

	Principal	Interest Rate
Floodwall Improvements	\$77,377	3.75%
John Deere Tractor Loan	8,275	0%
Police Cruiser	24,800	3.38%
OWDA Loan (6631)	912,912	0%
OWDA Loan (6875)	317,480	0%
OWDA Loan (7484)	278,641	0.0%
OWDA Loan (7847)	241,104	0.00%
Village Administrator & Fire Chief Vehicles	58,416	3.61%
Total	\$1,919,005	

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

The John Deere Tractor Loan was for the purchase of a tractor. The loan was issued in 2016 for \$26,168 with an interest rate of 0%, with principal payments of \$493.13 due monthly. The faith, credit & revenue of the village have been pledged for payment.

The Police Cruiser Loan was for the purchase of two police cruisers. The loan was issued from the United States Department of Agriculture for \$40,000 in 2018 with an interest rate of 3.375% and principal payments of \$7,500 due on a yearly basis. The faith, credit and revenue of the Village have been pledged for payment.

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

**Village of New Boston, Ohio**  
*Scioto County*  
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*For the Year Ended December 31, 2019*

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.

***Amortization***

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

Year Ending December 31:	Floodwall Improvement	John Deere Tractor	Police Cruisers	OWDA Laon #6631	OWDA Loan #6875	OWDA Loan #7484	OWDA Loan #7847	Administrator & Fire Chief Vehicles
2020	\$36,022	\$5,234	\$8,837	\$60,861	\$19,241	\$15,480	\$6,345	\$12,916
2021	36,022	3,041	8,867	60,861	19,241	15,480	12,690	12,916
2022	9,005		8,787	60,861	19,241	15,480	12,690	12,916
2023				60,861	19,241	15,480	12,690	12,916
2024				60,861	19,241	15,480	12,690	10,840
2025-2029				304,305	96,205	77,400	63,450	
2030-2034				304,305	96,205	77,400	63,450	
2035-2039					28,866	46,442	57,105	
Total	<u>\$81,049</u>	<u>\$8,275</u>	<u>\$26,491</u>	<u>\$912,915</u>	<u>\$317,481</u>	<u>\$278,642</u>	<u>\$241,110</u>	<u>\$62,504</u>

**Note 10 – Contingent Liabilities**

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.

The Village is defendant in two lawsuits. 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.

**Village of New Boston, Ohio**  
*Scioto County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 11 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**Note 12 – Subsequent Events**

CSO Phase 8A & 8B will start construction in 2021. The Village also received a \$300,000 Community Improvement Loan in 2021 for paving, police dispatch room improvements and playground equipment.

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# OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash  
11117 Kenwood Road  
Blue Ash, Ohio 45242-1817  
(513) 361-8550 or (800) 368-7419  
SouthwestRegion@ohioauditor.gov

## 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 and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type and fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of New Boston, Scioto County, (the Village) and have issued our report thereon dated November 22, 2021, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent periods of the Village.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion 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 a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider Finding 2020-001 to be a material weakness.

***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 financial statement. 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2020-002.

***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  
November 22, 2021



**VILLAGE OF NEW BOSTON  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2020-001**

**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.

Sound financial reporting is the responsibility of the Village Clerk/Treasurer and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Due to deficiencies in internal control, the Village misclassified and misposted various receipts and disbursements in the annual financial report submitted to the Auditor of State for fiscal years 2020 and 2019 as follows:

On the December 31, 2020 financial statements:

- In Fund 2052, FEMA Federal Grant Fund, expenditures of \$261,434 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, \$98,178 of Charges for Services from the City of Portsmouth were misclassified as Special Assessments.

On the December 31, 2019 financial statements:

- In Fund 2052, FEMA Federal Grant Fund, expenditures of \$219,086 were classified as Other Financing Uses instead of Capital Outlay.
- In Fund 2907, Combined Sewer Overflow Reduction Fund, debt payments of \$108,272 were classified as Basic Utility Services instead of Principal Retirement.
- In Fund 2907, Combined Sewer Overflow Reduction Fund, \$97,579 of Charges for Services from the City of Portsmouth were misclassified as Special Assessments.
- In Fund 4901, Other Capital Projects Fund, \$50,274 of Intergovernmental revenue was misclassified as Other Financing Sources.
- In Fund 4903, Phase VI Sewer Fund, \$96,844 of Loans Issued were misclassified as Intergovernmental Revenues.

**FINDING NUMBER 2020-001  
 (Continued)**

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 in 2020; Agency Fund in 2019

The Village has adjusted the financial statements and accounting records, where appropriate, to correct these errors. Failure to accurately post financial activity can lead to material misstatements in financial reporting, and increases the risk that errors, theft and fraud could occur and not be detected in a timely manner.

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 2020-002**

**Noncompliance**

Ohio Rev. Code § 5705.41(D)(1) provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be 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 treasurer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Rev. Code.

**FINDING NUMBER 2020-002**  
**(Continued)**

1. “Then and Now” certificate – If the chief fiscal officer can certify both at the time the contract or order was made (“then”), and at the time the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collections, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village Council can authorize the drawing of a warrant for the payment of the amount due. The Village Council has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution.

Amounts less than \$100 in counties and less than \$3,000 in all other subdivisions 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 Village.

2. Blanket Certificate – The auditor or fiscal officer 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 Village Council 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, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Due to deficiencies in internal controls, 50% of the transactions tested for unrecorded encumbrances at December 31, 2020 were not certified by the Village Clerk/Treasurer at the time the commitment was incurred, and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

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 help ensure 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, the Village Clerk/Treasurer should certify the funds are or will be available prior to obligation by the Village. When prior certification is not possible, “then and now” certification should be used.

**Officials’ Response:**

We did not receive a response from Officials to these findings.

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VILLAGE OF NEW BOSTON

LANA LOPER, CLERK/TREASURER

3980 RHODES AVENUE

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2020 AND 2019**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2018-001	Ohio Rev. Code § 5705.39 Appropriations exceeded Estimated Resources	Corrected	
2018-002	Sound Financial Reporting	Not Corrected	See Finding 2020-001



# 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 12/21/2021**

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](http://www.ohioauditor.gov)