



**VILLAGE OF NEW LEBANON
MONTGOMERY COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2020-2019**

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KEITH FABER



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Members of Council
Village of New Lebanon
198 South Clayton Road
New Lebanon, OH 45345

We have reviewed the *Independent Auditor's Report* of the Village of New Lebanon, Montgomery County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2019 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 20, 2021

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VILLAGE OF NEW LEBANON
MONTGOMERY COUNTY

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INDEPENDENT AUDITOR'S REPORT

June 30, 2021

Village of New Lebanon
Montgomery County
198 South Clayton Road
New Lebanon, Ohio 45345

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 New Lebanon**, Montgomery County, (the Village) as of and for the years ended December 31, 2020 and 2019.

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.

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Auditor's Responsibility (Continued)

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, or changes in financial position and cash flows thereof for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The Village did not post an adjustment relating to material misstatement of the financial statements for the year ending December 31, 2018. Had this adjustment been posted by the Village, the effect would have been a decrease in the Village's General Fund of \$120,777, and an increase in the Debt Service Fund of \$120,777.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* paragraph, 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 General and Debt Service Funds of the Village of New Lebanon, Montgomery County, as of December 31, 2020 and 2019, 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.

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 by fund type, and related notes of the Special Revenue, Capital Projects and Enterprise Funds of the Village of New Lebanon, Montgomery County, as of December 31, 2020 and 2019 and for the years then ended 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 14 for 2020 and in Note 11 for 2019 in the financial statements the financial impact of COVID-19 and the ensuing emergency measures will 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 June 30, 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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF NEW LEBANON
MONTGOMERY 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**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Local Taxes	\$ 58,551	\$ 995,985	\$ -	\$ 1,054,536
Municipal Income Tax	899,515	-	-	899,515
Intergovernmental	84,383	597,997	-	682,380
Special Assessments	-	96,557	-	96,557
Charges for Services	25,871	443,699	-	469,570
Fines, Licenses and Permits	45,430	-	-	45,430
Earnings on Investments	18,590	1,213	-	19,803
Rentals	-	116,830	-	116,830
Miscellaneous	28,982	141,306	-	170,288
<i>Total Cash Receipts</i>	<u>1,161,322</u>	<u>2,393,587</u>	<u>-</u>	<u>3,554,909</u>
Cash Disbursements				
Current:				
Security of Persons and Property	-	1,860,492	-	1,860,492
Leisure Time Activities	136,138	4,445	-	140,583
Community Environment	113,904	-	-	113,904
Transportation	-	220,357	-	220,357
General Government	360,216	178,467	-	538,683
Capital Outlay	6,193	48,526	375,217	429,936
Debt Service:				
Principal Retirement	-	205,200	-	205,200
Interest and Fiscal Charges	-	22,577	-	22,577
<i>Total Cash Disbursements</i>	<u>616,451</u>	<u>2,540,064</u>	<u>375,217</u>	<u>3,531,732</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>544,871</u>	<u>(146,477)</u>	<u>(375,217)</u>	<u>23,177</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	12,282	-	-	12,282
Other Debt Proceeds	-	-	119,717	119,717
Transfers In	-	295,549	182,685	478,234
Transfers Out	(478,234)	-	-	(478,234)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(465,952)</u>	<u>295,549</u>	<u>302,402</u>	<u>131,999</u>
<i>Net Change in Fund Cash Balances</i>	78,919	149,072	(72,815)	155,176
<i>Fund Cash Balances, January 1</i>	<u>1,263,292</u>	<u>1,385,309</u>	<u>414,141</u>	<u>3,062,742</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,342,211</u>	<u>\$ 1,534,381</u>	<u>\$ 341,326</u>	<u>\$ 3,217,918</u>

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

**VILLAGE OF NEW LEBANON
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 1,211,822
Miscellaneous	43,132
	<u>1,254,954</u>
<i>Total Operating Cash Receipts</i>	<u>1,254,954</u>
Operating Cash Disbursements	
Personal Services	375,371
Employee Fringe Benefits	155,423
Contractual Services	508,651
Supplies and Materials	56,802
	<u>1,096,247</u>
<i>Total Operating Cash Disbursements</i>	<u>1,096,247</u>
<i>Operating Income/(Loss)</i>	<u>158,707</u>
Non-Operating Receipts (Disbursements)	
Sale of Capital Assets	9,990
Capital Outlay	(257,745)
Principal Retirement	(69,987)
Other Financing Uses	(441)
	<u>(318,183)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(318,183)</u>
<i>Net Change in Fund Cash Balances</i>	(159,476)
<i>Fund Cash Balances, January 1</i>	<u>1,563,024</u>
<i>Fund Cash Balances, December 31</i>	\$ 1,403,548

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

Village of New Lebanon
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 - Reporting Entity

The Village of New Lebanon, Montgomery County, Ohio (the Village), 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 and Mayor directs the Village. The Village provides water, sewer and trash utilities, park operations, police services, fire protection and emergency medical services.

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 change in fund balance (regulatory cash basis) for the proprietary fund type 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:

Fire Levy Fund The fire levy fund accounts for and reports the receipt of property taxes and charges for service restricted for the purpose of providing fire and emergency services to Village residents and surrounding communities.

Police Levy Fund The police levy fund accounts for and reports the receipt of property taxes for the purpose of providing police protection services.

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 Fund:

Sewer Rehab Project Fund The sewer rehab project fund accounts for and reports the receipt of loan proceeds and general fund transfers for the purpose of completing sewer rehab projects.

Capital Improvements Fund The capital improvement fund accounts for and reports the receipt of general fund transfers for the purpose of completing capital improvement projects.

Village of New Lebanon
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 - Summary of Significant Accounting Policies (continued)

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:

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Garbage/Trash Fund The garbage/trash fund accounts for the provision of trash pickup services to the residents and commercial users located within the Village.

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 Village 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 disbursements 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 be budgeted annually.

Appropriations Budgetary disbursements (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.

A summary of 2020 budgetary activity appears in Note 4.

Village of New Lebanon
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 - Summary of Significant Accounting Policies (continued)

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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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.

Committed Council can commit amounts via formal action (ordinance or resolution). The Village must adhere to these commitments unless Council amends the ordinance or 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.

Village of New Lebanon
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 - Summary of Significant Accounting Policies (continued)

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, at December 31, 2020, the Construction Project fund had a cash deficit balance of \$44,429. Also, contrary to Ohio law, at December 31, 2020, the Sewer Rehab Project fund had a cash deficit balance of \$94,423.

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	\$ 1,721,658	\$ 1,173,604	\$ (548,054)
Special Revenue	2,689,136	2,689,136	-
Capital Projects	301,617	302,402	785
Enterprise	1,264,945	1,264,854	(91)

2020 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,666,336	\$ 1,107,455	\$ 558,881
Special Revenue	2,616,202	2,598,673	17,529
Capital Projects	1,237,086	1,052,882	184,204
Enterprise	1,530,730	1,500,729	30,001

Village of New Lebanon
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 5 – Deposits and Investments

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

	<u>2020</u>
Demand deposits	\$ 464,521
Certificates of deposit	1,000,000
STAR Plus	<u>2,124,905</u>
Total deposits	3,589,426
STAR Ohio	<u>1,032,040</u>
Total investments	<u>1,032,040</u>
Total deposits and investments	<u>\$ 4,621,466</u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Village is holding \$0 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village; 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.

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts.

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 Lebanon
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 6 – Taxes (continued)

Income Taxes

The Village levies a municipal income tax of 1% 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

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

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

Settled claims did not exceed insurance coverage in any of the past three years. Coverage limits have not changed significantly since last year.

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most 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, 2020.

Ohio Police and Fire Pension Fund

The Village's certified Fire Fighters and full-time Police Officers belong to the 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 healthcare and survivor and disability benefits.

Village of New Lebanon
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 8 - Defined Benefit Pension Plans (continued)

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. 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 members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4% during calendar year 2020. OP&F contributes 0.5% 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 Lebanon
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 10 – Debt

Debt outstanding at December 31, 2020 was as follows:

CD01F	WWTP Upgrades Phase II	\$ 83,542	0%
CD01T	Perry Street Water Main	298,469	0%
CD01U	Sanitary Sewer Phase XIV	9,448	0%
CD01V	Sanitary Sewer Phase XV	120,607	0%
CD02O	Main Street Phase IV	387,578	0%
CD02P	Fuls Road Phase I	155,434	0%
CD02U	Perry Street Water Main Replacement Phase II	185,293	0%
CD02V	Church Street Improvements Phase I	420,645	0%
CD03N	Main Street Phase III	354,106	0%
CD03Q	Fuls Road Phase II	168,129	0%
CD03W	Sanitary Sewer XVI	119,717	0%
CD05Q	Main Street Phase V	397,594	0%
CD08S	Main Street Phase VII	623,329	0%
CD10O	Water Main Replacement	40,078	0%
CD11L	Main Street Phase I	87,617	0%
CD11S	Sanitary Sewer Phase XII	86,891	0%
CD14T	Sanitary Sewer Phase XIII	156,649	0%
CD17R	Sanitary Sewer Phase XI	69,001	0%
CD18P	Sanitary Sewer Phase X	27,300	0%
CD22R	Main Street Phase VI	483,033	0%
CD29M	Main Street Phase II	231,051	0%
	Fire House Construction	388,813	4.99%
		\$ 4,894,324	

Phases I-VII of the Main Street project were financed through OPWC loans. The no-interest loans were for costs related to the improvements made to Main Street including street paving, curb and sidewalk replacements, storm sewers, catch basins, etc. These loans mature between 2029 and 2047.

Phase I and Phase II of the Wastewater Treatment Plant were financed through Ohio Public Works Commission (OPWC) loans. The no-interest loans were for the purpose of paying for improvements to the Village sewer plant that was mandated by the Ohio EPA. Phase I has been paid in full. Phase II matures in 2025.

Phase I and Phase II of the Fuls Road project were financed through OPWC loans. The no-interest loans were for costs related to the improvements made to Fuls Road including street paving, curb, storm sewer, catch basins, etc. These loans mature in 2040 and 2044.

The Water Main Replacement project was financed through an OPWC loan. The no-interest loan was for costs related to the Farmersville-Johnsville Water Main Replacement project. The loan matures in 2042.

Village of New Lebanon
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 10 – Debt (continued)

The Sanitary Sewer Upgrades project was financed through OPWC loans. The no-interest loans are to rehab the sewers and manholes on certain streets in the Village. These loans mature in 2043 and 2047. Sanitary sewer project phase XVI had loan proceeds of \$119,717 in 2020 however the project is not complete and no amortization schedule has been provided for the loan.

The Perry Street Water Main projects was financed through OPWC loans. The no-interest loan is to upgrade the water main along Perry Street. These loans mature in 2047 and 2048.

The Church Street Improvements project was financed through an OPWC loan. The no-interest loan is to complete improvement projects along Church Street. The loan matures in 2049.

Fire house construction was financed through commercial notes issued with an interest of rate of 4.99% for a term of seven years. The payments are made semi-annually and are secured by the property the fire house sets on.

Amortization

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

	OPWC	Fire House
2021	\$ 200,301	\$ 97,619
2022	200,459	97,619
2023	200,459	97,619
2024	200,459	97,619
2025	191,176	48,810
2026 - 2030	899,735	-
2031 - 2035	860,795	-
2036 - 2040	848,634	-
2041 - 2045	596,710	-
2046 - 2050	187,066	-
	\$4,385,794	\$ 439,286

Note 11 – Contingent Liabilities

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter 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 unexpended 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 Lebanon
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 12 – Fund Balances (continued)

Fund Balances	General	Special Revenue	Capital Projects	Total
Outstanding Encumbrances	\$ 12,770	\$ 58,609	\$ 677,665	\$ 749,044

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects fund is restricted, committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – Change in Accounting Principles

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. There was no effect on the beginning fund balance.

Note 14 – 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. The Village’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. 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.

During 2020, the Village received CARES Act funding. These amounts are reflected as general government expenditures and other financing uses in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

**VILLAGE OF NEW LEBANON
MONTGOMERY 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**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Local Taxes	\$ 58,458	\$ 996,249	\$ -	\$ 1,054,707
Municipal Income Tax	876,732	-	-	876,732
Intergovernmental	167,800	327,186	48,941	543,927
Special Assessments	-	87,476	-	87,476
Charges for Services	34,874	437,392	-	472,266
Fines, Licenses and Permits	42,059	125	-	42,184
Earnings on Investments	71,109	4,653	-	75,762
Rentals	-	63,965	-	63,965
Miscellaneous	34,991	66,747	-	101,738
<i>Total Cash Receipts</i>	<u>1,286,023</u>	<u>1,983,793</u>	<u>48,941</u>	<u>3,318,757</u>
Cash Disbursements				
Current:				
Security of Persons and Property	-	1,700,184	-	1,700,184
Leisure Time Activities	132,188	7,228	-	139,416
Community Environment	182,552	-	-	182,552
Transportation	-	506,835	-	506,835
General Government	431,647	143,230	-	574,877
Capital Outlay	80,225	251,750	673,420	1,005,395
Debt Service:				
Principal Retirement	-	165,880	35,724	201,604
Interest and Fiscal Charges	-	13,086	13,086	26,172
<i>Total Cash Disbursements</i>	<u>826,612</u>	<u>2,788,193</u>	<u>722,230</u>	<u>4,337,035</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>459,411</u>	<u>(804,400)</u>	<u>(673,289)</u>	<u>(1,018,278)</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	6,979	-	-	6,979
Other Debt Proceeds	-	-	560,225	560,225
Transfers In	-	367,141	179,567	546,708
Transfers Out	(546,708)	-	-	(546,708)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(539,729)</u>	<u>367,141</u>	<u>739,792</u>	<u>567,204</u>
<i>Net Change in Fund Cash Balances</i>	(80,318)	(437,259)	66,503	(451,074)
<i>Fund Cash Balances, January 1</i>	<u>1,343,610</u>	<u>1,822,568</u>	<u>347,638</u>	<u>3,513,816</u>
Fund Cash Balances, December 31				
Restricted	-	1,385,309	11,878	1,397,187
Committed	-	-	402,263	402,263
Assigned	10,825	-	-	10,825
Unassigned	1,252,467	-	-	1,252,467
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,263,292</u>	<u>\$ 1,385,309</u>	<u>\$ 414,141</u>	<u>\$ 3,062,742</u>

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

**VILLAGE OF NEW LEBANON
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 1,195,427
Miscellaneous	18,490
	<u>1,213,917</u>
<i>Total Operating Cash Receipts</i>	<u>1,213,917</u>
Operating Cash Disbursements	
Personal Services	346,925
Employee Fringe Benefits	132,164
Contractual Services	499,726
Supplies and Materials	77,753
	<u>1,056,568</u>
<i>Total Operating Cash Disbursements</i>	<u>1,056,568</u>
<i>Operating Income/(Loss)</i>	<u>157,349</u>
Non-Operating Receipts (Disbursements)	
Capital Outlay	(85,839)
Principal Retirement	(51,314)
Other Financing Uses	(267)
	<u>(137,420)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(137,420)</u>
<i>Net Change in Fund Cash Balances</i>	19,929
<i>Fund Cash Balances, January 1</i>	<u>1,543,095</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,563,024</u>

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

Village of New Lebanon
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 - Reporting Entity

The Village of New Lebanon, Montgomery County, Ohio (the Village), 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 and Mayor directs the Village. The Village provides water, sewer and trash utilities, park operations, police services, fire protection and emergency medical services.

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 change in fund balance (regulatory cash basis) for the proprietary fund type 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:

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 as well as property taxes for the same purpose.

Fire Levy Fund The fire levy fund accounts for and reports the receipt of property taxes and charges for service restricted for the purpose of providing fire and emergency services to Village residents and surrounding communities.

Police Levy Fund The police levy fund accounts for and reports the receipt of property taxes for the purpose of providing police protection services.

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 Fund:

Village of New Lebanon
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies (continued)

Construction Projects Fund The construction projects fund accounts for and reports the receipt of OPWC loan proceeds and general fund transfers for the purpose of completing street and highway projects.

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:

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Garbage/Trash Fund The garbage/trash fund accounts for the provision of trash pickup services to the residents and commercial users located within the Village.

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 Village 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 disbursements 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 be budgeted annually.

Appropriations Budgetary disbursements (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.

A summary of 2019 budgetary activity appears in Note 3.

Village of New Lebanon
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies (continued)

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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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 (ordinance or resolution). The Village must adhere to these commitments unless Council amends the ordinance or 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 Council or a Village official delegated that authority by resolution, or by State Statute. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the general fund.

Village of New Lebanon
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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	\$ 1,833,491	\$ 1,293,002	\$ (540,489)
Special Revenue	2,507,833	2,350,934	(156,899)
Capital Projects	1,821,615	788,733	(1,032,882)
Enterprise	1,232,735	1,213,917	(18,818)

2019 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 2,018,191	\$ 1,384,145	\$ 634,046
Special Revenue	3,010,498	2,805,722	204,776
Capital Projects	1,658,138	907,219	750,919
Enterprise	1,284,070	1,244,537	39,533

Village of New Lebanon
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 4 – Deposits and Investments

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

	2019
Demand deposits	\$ 488,428
Certificates of deposit	1,000,000
STAR Plus	2,112,584
Total deposits	3,601,012
STAR Ohio	1,024,754
Total investments	1,024,754
Total deposits and investments	\$ 4,625,766

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village; 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.

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts.

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 1% 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.

Village of New Lebanon
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 5 – Taxes (continued)

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

Note 6 - Risk Management

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

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

Settled claims did not exceed insurance coverage in any of the past three years. Coverage limits have not changed significantly since last year.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most 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, 2019.

Ohio Police and Fire Pension Fund

The Village's certified Fire Fighters and full-time Police Officers belong to the 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. The Village has paid all contributions required through December 31, 2019.

Village of New Lebanon
Montgomery County
Notes to the Financial Statements
For the Year Ended 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 members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2019, and OP&F contributed 0.5% to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

Note 9 – Debt

Debt outstanding at December 31, 2019 was as follows:

CD01F	WWTP Upgrades Phase II	\$102,107	0%
CD01T	Perry Street Water Main	309,524	0%
CD01U	Sanitary Sewer Phase XIV	9,448	0%
CD01V	Sanitary Sewer Phase XV	124,765	0%
CD02O	Main Street Phase IV	405,605	0%
CD02P	Fuls Road Phase I	163,206	0%
CD02U	Perry Street Water Main Replacement Phase II	191,911	0%
CD02V	Church Street Improvements Phase I	435,460	0%
CD03N	Main Street Phase III	370,968	0%
CD03Q	Fuls Road Phase II	175,135	0%
CD05Q	Main Street Phase V	414,160	0%
CD08S	Main Street Phase VII	646,416	0%
CD10O	Water Main Replacement	41,942	0%
CD11L	Main Street Phase I	97,353	0%
CD11S	Sanitary Sewer Phase XII	90,298	0%
CD14T	Sanitary Sewer Phase XIII	162,451	0%
CD17R	Sanitary Sewer Phase XI	71,818	0%
CD18P	Sanitary Sewer Phase X	28,487	0%
CD22R	Main Street Phase VI	501,976	0%
CD29M	Main Street Phase II	243,212	0%
	Fire House Construction	463,733	4.99%
		<u>\$5,049,975</u>	

Phases I-VII of the Main Street project were financed through OPWC loans. The no-interest loans were for costs related to the improvements made to Main Street including street paving, curb and sidewalk replacements, storm sewers, catch basins, etc. These loans mature between 2029 and 2047.

Village of New Lebanon
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Debt (continued)

Phase I and Phase II of the Wastewater Treatment Plant were financed through Ohio Public Works Commission (OPWC) loans. The no-interest loans were for the purpose of paying for improvements to the Village sewer plant that was mandated by the Ohio EPA. Phase I has been paid in full. Phase II matures in 2025.

Phase I and Phase II of the Fuls Road project were financed through OPWC loans. The no-interest loans were for costs related to the improvements made to Fuls Road including street paving, curb, storm sewer, catch basins, etc. These loans mature in 2040 and 2044.

The Water Main Replacement project was financed through an OPWC loan. The no-interest loan was for costs related to the Farmersville-Johnsville Water Main Replacement project. The loan matures in 2042.

The Sanitary Sewer Upgrades project was financed through OPWC loans. The no-interest loans are to rehab the sewers and manholes on certain streets in the Village. These loans mature in 2043 and 2047.

The Perry Street Water Main projects were financed through OPWC loans. The no-interest loan is to upgrade the water main along Perry Street. These loans mature in 2047 and 2048.

The Church Street Improvements project was financed through an OPWC loan. The no-interest loan is to complete improvement projects along Church Street. The loan matures in 2049.

Fire house construction was financed through commercial notes issued with an interest of rate of 4.99% for a term of seven years. The payments are made semi-annually and are secured by the property the fire house sets on.

Amortization

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

	OPWC	Fire House
2020	\$ 100,071	\$ 97,619
2021	200,301	97,619
2022	200,459	97,619
2023	200,459	97,619
2024	200,459	97,619
2025 - 2029	928,035	48,810
2030 - 2034	865,663	-
2035 - 2039	860,795	-
2040 - 2044	696,338	-
2045 - 2049	323,825	-
	\$4,586,242	\$ 536,905

Village of New Lebanon
Montgomery County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 10 – Contingent Liabilities

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village's financial condition.

Note 11 – 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. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. 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.



313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

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

June 30, 2021

Village of New Lebanon
Montgomery County
198 South Clayton Road
New Lebanon, Ohio 45345

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 by fund type of the **Village of New Lebanon**, Montgomery County, (the Village) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated June 30, 2020, 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 and we noted the financial impact of COVID-19 and the ensuing emergency measures will 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 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.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
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Internal Control Over Financial Reporting (Continued)

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 audit 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 statements. 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 audit findings as item 2020-002.

Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

VILLAGE OF NEW LEBANON
MONTGOMERY COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

FINDING NUMBER 2020-001

Material Weakness

Financial Reporting

Accurate financial reporting is the responsibility of management and is essential to ensure the information provided to the readers of the financial statements accurately reflects the Village's activity. The Village should have procedures in place to prevent or detect material misstatements for the accurate presentation of the Village's financial statements. The Chief Financial Officer did not always accurately post receipts and disbursements to the Village's accounting system.

These errors were a result of inadequate policies and procedures in reviewing the financial statements. The following posting errors were noted:

- Highway Tax was incorrectly posted to the Permissive MVL Fund instead of being split between the Street and Highway funds in 2020 and 2019;
- Highway Tax monies were posted the Fire Protection Fund instead of being split between the Street and Highway funds in 2020;
- Permissive Motor Vehicle License Tax monies were posted to the Fire Protection Fund instead of the Permissive Motor Vehicle License Tax in 2020;
- Payments for principal and interest on the Village's debt were not allocated correctly between principal and interest for 2020 and 2019;
- Payments for principal and interest on the Villages debt were posted to capital outlay in 2019.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several adjustments and reclassification entries. The Financial Statements reflect all reclassifications and adjustments and the Village has posted all adjustments to its accounting system.

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

We also recommend the Chief Financial Officer refer to the Ohio Village Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

Officials' Response – The mispostings related to the Highway Tax and Permissive Motor Vehicle Tax Monies will corrected through fund balance adjustments in the amounts indicated in the audit. Regarding payments to principal and interest, we have paid what has been billed to us for the fire construction loan per the bank. The information from the bank to the Auditor appears to not match with the bank provided to us. We will be meeting with the bank to discuss this further and get corrected.

VILLAGE OF NEW LEBANON
MONTGOMERY COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

FINDING NUMBER 2020-002

Noncompliance

Ohio Rev. Code 5705.10(H) states that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

As of December 31, 2020 the Construction Project Fund and Sewer Rehabilitation Fund had negative fund balances of \$44,429 and \$94,422 respectively.

We recommend the Villages' Management monitor fund balances and make allowable transfers or advances to cover any prospective short falls.

Officials' Response – We are aware of the negative fund balance and have addressed the issue. We will monitor fund balances and if negative fund balance occurs, advances will be made to cover the deficit.

**VILLAGE OF NEW LEBANON
MONTGOMERY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Financial Reporting	Not Corrected	Reissued as Finding 2020-001
2018-002	Ohio Revised Code Section 5705.39 – Appropriations Exceeds Estimated Resources	Finding is Corrected.	N/A
2018-003	Ohio Revised Code Section 121.22 – Minutes records are to promptly available to the public.	Finding is Corrected	N/A
2018-004	Ohio Revised Code Section 5705.14(C)(1) – Transfer of unexpended debt service fund must be approved by the County Common Pleas Judge.	Finding is Corrected	N/A

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF NEW LEBANON

MONTGOMERY 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 9/30/2021

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