



OHIO AUDITOR OF STATE  
**KEITH FABER**





**VILLAGE OF SOUTH LEBANON  
WARREN COUNTY  
DECEMBER 31, 2020 AND DECEMBER 31, 2019**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Village of South Lebanon  
Warren County  
10 North High Street  
South Lebanon, Ohio 45065

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 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 of South Lebanon, Warren 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 or cash flows 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 11 to the financial statements for the year ended December 31, 2020 and Note 10 for the year ended December 31, 2019, 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 December 23, 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.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive style with a large, stylized 'K' and 'F'.

Keith Faber  
Auditor of State  
Columbus, Ohio  
December 23, 2021

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**Village of South Lebanon, Ohio**

Warren County

Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (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	\$141,363	\$35,499			\$176,862
Municipal Income Tax	1,804,359				1,804,359
Intergovernmental	103,205	556,687		41,616	701,508
Fines, Licenses and Permits	184,397	25,449			209,846
Earnings on Investments	6,737	1,784			8,521
Miscellaneous	52,627	1,705,248			1,757,875
<i>Total Cash Receipts</i>	<u>2,292,688</u>	<u>2,324,667</u>	<u>0</u>	<u>41,616</u>	<u>4,658,971</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	702,607				702,607
Public Health Services	5,993				5,993
Leisure Time Activities	12,578	25,665			38,243
Basic Utility Services	109,374				109,374
Transportation		64,539			64,539
General Government	716,827	582,608			1,299,435
Capital Outlay	25,429	96,584		41,616	163,629
Debt Service:					
Principal Retirement		328,606			328,606
Interest and Fiscal Charges		439,194	33,150		472,344
<i>Total Cash Disbursements</i>	<u>1,572,808</u>	<u>1,537,196</u>	<u>33,150</u>	<u>41,616</u>	<u>3,184,770</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>719,880</u>	<u>787,471</u>	<u>(33,150)</u>	<u>0</u>	<u>1,474,201</u>
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In			33,150		33,150
Transfers Out	(33,177)				(33,177)
Other Financing Sources	631				631
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(32,546)</u>	<u>0</u>	<u>33,150</u>	<u>0</u>	<u>604</u>
<i>Net Change in Fund Cash Balances</i>	<u>687,334</u>	<u>787,471</u>	<u>0</u>	<u>0</u>	<u>1,474,805</u>
<i>Fund Cash Balances, January 1</i>	<u>2,283,148</u>	<u>606,403</u>		<u>27,568</u>	<u>2,917,119</u>
<i>Fund Cash Balances, December 31</i>	<u>\$2,970,482</u>	<u>\$1,393,874</u>	<u>\$0</u>	<u>\$27,568</u>	<u>\$4,391,924</u>

See accompanying notes to the basic financial statements

**Village of South Lebanon, Ohio**  
*Warren County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Cash Basis)*  
*All Proprietary Fund Types*  
*For the Year Ended December 31, 2020*

	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$2,727,943
Miscellaneous	<u>16,687</u>
<i>Total Operating Cash Receipts</i>	<u>2,744,630</u>
<b>Operating Cash Disbursements</b>	
Personal Services	231,822
Employee Fringe Benefits	110,218
Contractual Services	981,507
Supplies and Materials	167,554
Other	<u>12,285</u>
<i>Total Operating Cash Disbursements</i>	<u>1,503,386</u>
<i>Operating Income (Loss)</i>	<u>1,241,244</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Earnings on Investments (proprietary funds only)	869
Capital Outlay	(239,168)
Principal Retirement	<u>(7,041)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(245,340)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	995,904
Transfers In	<u>27</u>
<i>Net Change in Fund Cash Balances</i>	995,931
<i>Fund Cash Balances, January 1</i>	<u>6,588,371</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$7,584,302</u></u>

*See accompanying notes to the basic financial statements*

**Village of South Lebanon, Ohio**  
*Warren County*  
*Combined Statement of Additions, Deductions*  
*and Changes in Fund Balances (Cash Basis)*  
*All Fiduciary Fund Types*  
*For the Year Ended December 31, 2020*

	<u>Custodial</u>
<b>Additions</b>	
Fines, Licenses and Permits for Distribution	<u>32,941</u>
<i>Total Additions</i>	<u>32,941</u>
<b>Deductions</b>	
Other Distributions	<u>33,007</u>
<i>Total Deductions</i>	<u>33,007</u>
<i>Net Change in Fund Balances</i>	(66)
<i>Fund Cash Balances, January 1</i>	<u>4,016</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$3,950</u></u>

*See accompanying notes to the basic financial statements*

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**Village of South Lebanon, Ohio**  
*Warren County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The Village of South Lebanon (the Village), Warren 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 and Mayor directs the Village. The Village provides water, sewer, and sanitation utilities and park operations. The Village contracts with the Warren County Sheriff's department to provide security of persons and property. The Village contracts with Union and Hamilton Townships to receive fire protection services.

The Village participates in a public risk pool. Note 6 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***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.

***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.

**Village of South Lebanon, Ohio**  
*Warren County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***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.

***Tax Increment Fund*** — This fund receives the service payments of the TIF area, which are used to finance public improvements directly attributable to the project parcels.

***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 Fund:

***Municipal Building BANs*** — This fund receives a transfer-in from the General Fund to service interest payments on the general obligation bonds related to the renovation of the former South Lebanon Elementary School.

***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 capital project funds:

***Municipal Building Renovation Fund*** — This fund accounts for and reports proceeds of general obligation bonds. The proceeds are restricted for the renovation of the former South Lebanon Elementary School.

***Mason-Morrow-Millgrove Road Phase I Fund*** — This fund accounts for and reports proceeds of state grant draws for the road improvement project. The proceeds are restricted for this construction project.

**Village of South Lebanon, Ohio**  
*Warren County*  
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*For the Year Ended December 31, 2020*

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**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** – This fund receives charges for services from residents and commercial users located within the Village to cover water service costs.

**Sewer Fund** – This fund receives charges for services from residents and commercial users located with the Village to cover sewer service costs.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds and custodial 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.

Custodial 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, private organization or other government. The Village’s custodial funds consist of the Mayor’s Court and Unclaimed Monies. The Mayor’s Court accounts for the collection and distribution of court fines and forfeitures. The Unclaimed Monies consist of deposits on utilities and income tax overpayments that have not been claimed. For reporting purposes, the Unclaimed Monies Fund is included with the General Fund.

***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 or canceled, and reappropriated in the subsequent year.

A summary of 2020 budgetary activity appears in Note 3.

***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:

**Village of South Lebanon, Ohio**  
*Warren County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***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.

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

***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.

**Note 3 – Budgetary Activity**

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



**Village of South Lebanon, Ohio**  
*Warren County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,890,979	\$2,292,686	\$401,707
Special Revenue	2,290,391	2,324,667	34,276
Debt Service	33,150	33,150	0
Capital Projects	60,340	41,616	(18,724)
Enterprise	2,393,400	2,745,524	352,124
<b>Total</b>	<b>\$6,668,260</b>	<b>\$7,437,643</b>	<b>\$769,383</b>

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,213,152	\$1,605,983	\$607,169
Special Revenue	2,266,006	1,695,024	570,982
Debt Service	33,150	33,150	0
Capital Projects	87,909	41,616	46,293
Enterprise	3,615,722	1,749,648	1,866,074
<b>Total</b>	<b>\$8,215,939</b>	<b>\$5,125,421</b>	<b>\$3,090,518</b>

**Note 4 – Deposits and Investments**

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 and investment accounts are as follows:

Demand deposits	2020 \$11,857,069
Total deposits	11,857,069
STAR Ohio	123,106
Total investments	123,106
Total carrying amount of deposits and investments held in the Pool (ties to FS)	11,980,175

***Deposits***

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 South Lebanon, Ohio**  
*Warren County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***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 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 one 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 belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the

**Village of South Lebanon, Ohio**  
*Warren County*  
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*For the Year Ended December 31, 2020*

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OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	( 11,329,011)
Members' Equity	<u>\$ 4,591,493</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Seventeen 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 ten percent of their gross salaries, and the Village contributed an amount equaling fourteen percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

***Social Security***

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the

**Village of South Lebanon, Ohio**  
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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.

**Note 9 – Debt**

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

	Principal	Interest Rate
Ohio Water Development Authority Loan 6216	\$158,416	0%
Ohio Public Works Commission Loan CJ10S	\$275,394	0%
TIF Revenue Bonds, Series 2016	\$6,200,000	3%
Municipal Building BANs, Series 2018	\$1,300,000	2.55%
TIF Revenue Refunding Bonds, Series 2018	7,835,000	4.8%
Total	\$15,768,810	

The Ohio Water Development Authority (OWDA) approved up to \$352,386 in loans to the Village for the project funded by the 6216 loan. The Village will repay the loan in semiannual installments of \$3,520. The loan is noninterest bearing and matures on January 1, 2043.

The Ohio Public Works Commission (OPWC) approved up to \$344,242 in loans to the Village for project CJ10S. The Village will repay the loan in semiannual installments of \$8606. Due to the COVID-19 pandemic, the Ohio Public Works Commission deferred all July 2020 loan repayments with no payment due until the January 2021 billing cycle. The loan is noninterest bearing and matures on January 1, 2036.

In 2018, the Village issued \$1,300,000 in Municipal Building Bond Anticipation Notes (Series 2018) at 2.55% for renovating the former South Lebanon Elementary School used as the Village of South Lebanon Municipal Building. Interest is payable semiannually on February 1 and August 1 of each year, commencing on August 1, 2021. The Series 2018 Municipal Building Bond Anticipation Notes mature on August 1, 2021.

Tax Increment Financing (TIF) District

The Village, pursuant to the Ohio Revised Code, has established a TIF District. A TIF District represents a geographical area, wherein property values created after the commencement date of the TIF are exempt, in whole or in part, from property taxes. Owners of such properties, however, must pay amounts equal to the property taxes, known as “statutory service payments,” as though the TIF District had not been established. These statutory service payments are then dedicated to the payments for various public improvements within or adjacent to the TIF District. Property values existing before the commencement of the TIF District continue to be subjected to property taxes. The Village, as a result of the establishment of the TIF District and related TIF agreement, is responsible for remitting a portion of the statutory service payments collected to the local school district. Payments to the local school district totaled \$475,541.97 for 2020.

**Village of South Lebanon, Ohio**  
*Warren County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

In December 2016, the Village issued \$6,200,000 in TIF Revenue Bonds (Series 2016) at 3% through July 31, 2020 and thereafter beginning August 1, 2020 at 7.1252%. Interest payable annually on August 1 of each year, commencing on August 1 2021. The Series 2016 TIF Revenue Bonds mature on August 2036.

In 2018, the Village issued \$8,410,000 in TIF Revenue Refunding Bonds (Series 2018) to refund the Series 2015 A and Series 2015 B TIF Revenue BANs. The Interest Rate is 4.80% until and including December 1, 2027 and thereafter beginning December 2, 2027 and continuing until December 1 2036 shall be equal to the Ten Year Treasury Rate plus 2.09%; provided that in no event shall the interest rate be less than 4.80% or greater than 5.84%. Interest and principal are payable semiannually on each June 1 and December 1, beginning June 1, 2019.

Trustee asset activity for BANs and Bonds are not reflected in the financial statements.

***Amortization***

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

Year Ending December 31:	TIF Bonds (Principal Only)	Municipal Building BANs	TIF Refunding Bonds (Principal Only)	OWDA Loan	OPWC Loan
2021		\$1,333,150	\$335,000	\$7,041	\$17,212
2022	110,000		350,000	7,041	17,212
2023	230,000		370,000	7,041	17,212
2024	245,000		385,000	7,041	17,212
2025	285,000		405,000	7,041	17,212
2026-2030	1,805,000		2,340,000	35,204	86,061
2031-2035	2,820,000		2,965,000	35,204	86,061
2036-2040	705,000		685,000	35,204	8,606
2041-2045				17,602	
Total	<u>\$6,200,000</u>	<u>\$1,333,150</u>	<u>\$7,835,000</u>	<u>\$158,419</u>	<u>\$266,788</u>

**Note 10 – 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. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Debt Service	Capital Projects	Total
Nonspendable:					
Unclaimed Monies	\$1,959				\$1,959
Outstanding Encumbrances		157,827			157,827
<i>Total</i>	<u>\$1,959</u>	<u>\$157,827</u>	<u>\$0</u>	<u>\$0</u>	<u>\$159,786</u>

**Village of South Lebanon, Ohio**  
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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. These restricted, committed and assigned amounts in the special revenue, debt service, and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**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.

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

**Note 12 – 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, adding a separate Combined Statement of Additions, Deductions and Change in Fund Balances (Regulatory Cash Basis) - All Fiduciary Fund Types, 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. The effect of this change had no effect on beginning cash balances.

**Note 13 – Subsequent Events**

On August 1, 2021 the Village's \$1,300,000 Municipal Building Bond Anticipation Notes (Series 2018) matured and the Village renewed \$625,000 in Municipal Building Bond Anticipation Notes (Series 2021) at 1.25%. Interest is payable semiannually on February 1 and August 1 of each year, commencing on February 1, 2022. The Series 2021 Municipal Building Bond Anticipation Notes mature on August 1, 2024.

On September 21, 2021, the Ohio Secretary of State issued a proclamation declaring City status upon the Village, effective thirty days from the proclamation date, based on the results of the 2020 Federal Census which indicated a population of more than 5,000 persons. On October 21, 2021, the Village was officially recognized as the City of South Lebanon. The City will operate in a transitional phase between village and city until the next general election, November 5, 2024.

**Village of South Lebanon, Ohio**

Warren County

Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (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	\$143,747	\$33,306			\$177,053
Municipal Income Tax	1,658,951				1,658,951
Intergovernmental	55,281	229,885		713,731	998,897
Fines, Licenses and Permits	175,990	29,860			205,850
Earnings on Investments	24,561	6,313			30,874
Miscellaneous	64,783	1,392,400			1,457,183
<i>Total Cash Receipts</i>	<u>2,123,313</u>	<u>1,691,764</u>	<u>0</u>	<u>713,731</u>	<u>4,528,808</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	713,578				713,578
Public Health Services	7,436				7,436
Leisure Time Activities	12,114	20,521			32,635
Basic Utility Services	108,143				108,143
Transportation		140,549			140,549
General Government	748,293	285,552			1,033,845
Capital Outlay	79,845	402,794		875,773	1,358,412
Debt Service:					
Principal Retirement		272,212			272,212
Interest and Fiscal Charges		404,211	32,966		437,177
<i>Total Cash Disbursements</i>	<u>1,669,409</u>	<u>1,525,839</u>	<u>32,966</u>	<u>875,773</u>	<u>4,103,987</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>453,904</u>	<u>165,925</u>	<u>(32,966)</u>	<u>(162,042)</u>	<u>424,821</u>
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In			32,966		32,966
Transfers Out	(32,966)				(32,966)
Other Financing Sources	936				936
Other Financing Uses	(64)				(64)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(32,094)</u>	<u>0</u>	<u>32,966</u>	<u>0</u>	<u>872</u>
<i>Net Change in Fund Cash Balances</i>	421,810	165,925	0	(162,042)	425,693
<i>Fund Cash Balances, January 1</i>	<u>1,861,338</u>	<u>440,478</u>	<u>0</u>	<u>189,610</u>	<u>2,491,426</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	1,355				1,355
Restricted		579,981		27,568	607,549
Assigned	1,779,297	26,422			1,805,719
Unassigned	502,496				502,496
<i>Fund Cash Balances, December 31</i>	<u>\$2,283,148</u>	<u>\$606,403</u>	<u>\$0</u>	<u>\$27,568</u>	<u>\$2,917,119</u>

See accompanying notes to the basic financial statements

**Village of South Lebanon, Ohio**

Warren County

Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Cash Basis)

All Proprietary and Fiduciary Fund Types

For the Year Ended December 31, 2019

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$2,713,050		\$2,713,050
Fines, Licenses and Permits		61,535	61,535
Miscellaneous	13,140		13,140
<i>Total Operating Cash Receipts</i>	<u>2,726,190</u>	<u>61,535</u>	<u>2,787,725</u>
<b>Operating Cash Disbursements</b>			
Personal Services	187,228		187,228
Employee Fringe Benefits	89,787		89,787
Contractual Services	941,214		941,214
Supplies and Materials	281,863		281,863
Other	9,879	60,858	70,737
<i>Total Operating Cash Disbursements</i>	<u>1,509,971</u>	<u>60,858</u>	<u>1,570,829</u>
<i>Operating Income (Loss)</i>	<u>1,216,219</u>	<u>677</u>	<u>1,216,896</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Earnings on Investments (proprietary funds only)	2,799		2,799
Capital Outlay	(443,136)		(443,136)
Principal Retirement	(7,041)		(7,041)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(447,378)</u>	<u>0</u>	<u>(447,378)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	768,841	677	769,518
<i>Net Change in Fund Cash Balances</i>	768,841	677	769,518
<i>Fund Cash Balances, January 1</i>	<u>5,819,530</u>	<u>3,339</u>	<u>5,822,869</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$6,588,371</u></u>	<u><u>\$4,016</u></u>	<u><u>\$6,592,387</u></u>

See accompanying notes to the basic financial statements



**Village of South Lebanon, Ohio**  
*Warren County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

The Village of South Lebanon (the Village), Warren 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 and Mayor directs the Village. The Village provides water, sewer, and sanitation utilities and park operations. The Village contracts with the Warren County Sheriff's department to provide security of persons and property. The Village contracts with Union and Hamilton Township to receive fire protection services.

The Village participates in a public risk pool. Note 6 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***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.

***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.

**Village of South Lebanon, Ohio**  
*Warren County*  
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*For the Year Ended December 31, 2019*

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***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.

***Tax Increment Fund*** – This fund receives the service payments of the TIF area, which are used to finance public improvements directly attributable to the project parcels.

***Offsite Road Improvements Fund*** – This fund accounts for a one-time contribution by the TIF area developer in which the Village agrees to complete public improvements according to the infrastructure agreement.

***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 Fund:

***Municipal Building BANs*** – This fund receives transfer-in to service interest payment on the general obligation bonds related to the renovation of the former South Lebanon Elementary School.

***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 capital project funds:

***St. Rt. 48/Mason-Morrow-Millgrove Intersection Project Fund*** – This fund accounts for and reports proceeds of federal and state grant draws for the intersection project. The proceeds are restricted for this construction project.

***Municipal Building Renovation Fund*** – This fund accounts for and reports proceeds of general obligation bonds. The proceeds are restricted for the renovation of the former South Lebanon Elementary School.

***Zoar Road Stabilization Project Fund*** – This fund accounts for and reports proceeds from OPWC grant and grant draw for road slippage on Zoar Road.

**Village of South Lebanon, Ohio**  
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***Mason-Morrow-Millgrove Rd Phase I*** – This fund accounts for and reports proceeds from OPWC grant and grant draws for improvements to Mason-Morrow-Millgrove Road.

***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*** – This fund receives charges for services from residents and commercial users located within the Village to cover water service costs.

***Sewer Fund*** – This fund receives charges for services from residents and commercial users located within the Village to cover sewer costs.

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds and custodial 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.

Custodial 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 custodial funds consist of the Mayor's Court and Unclaimed Monies. The Mayor's Court account for the collection and distribution of court fines and forfeitures. The Unclaimed Monies consist of deposits on utilities that have not been claimed. For reporting purposes, the Unclaimed Monies Fund is included with the General Fund.

***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. 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 cancelled, and reappropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 3.

**Village of South Lebanon, Ohio**  
*Warren County*  
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*For the Year Ended December 31, 2019*

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***Fund Balance***

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

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

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

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

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

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

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

***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.

**Village of South Lebanon, Ohio**  
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**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	\$1,813,690	\$2,123,316	\$309,626
Special Revenue	1,618,000	1,691,765	73,765
Debt Service	32,966	32,966	0
Capital Projects	774,072	713,732	(60,340)
Enterprise	2,149,300	2,728,988	579,688
<b>Total</b>	<b>\$6,388,028</b>	<b>\$7,290,767</b>	<b>\$902,739</b>

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,225,625	\$1,703,316	\$522,309
Special Revenue	1,852,096	1,525,839	326,257
Debt Service	32,966	32,966	0
Capital Projects	963,682	875,774	87,908
Enterprise	3,459,001	1,960,208	1,498,793
<b>Total</b>	<b>\$8,533,370</b>	<b>\$6,098,103</b>	<b>\$2,435,267</b>

**Note 4 – Deposits and Investments**

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 and investment accounts are as follows:

	2019
Demand deposits	\$9,387,269
Total deposits	9,387,269
STAR Ohio	122,237
Total investments	122,237
Total deposits and investments	\$9,509,506

**Village of South Lebanon, Ohio**  
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***Deposits***

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.

***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. 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 one 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 belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

**Village of South Lebanon, Ohio**  
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Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$ 4,330,789</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

#### **Note 7 – Defined Benefit Pension Plans**

##### ***Ohio Public Employees Retirement System***

Eighteen 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, 2019.

##### ***Social Security***

Two employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

**Village of South Lebanon, Ohio**  
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**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

**Note 9 – Debt**

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

	<u>Principal</u>	<u>Interest Rate</u>
OWDA 6216	\$165,457	0%
OPWC CJ10S	\$284,000	0%
TIF Revenue Bonds, Series 2016	\$6,200,000	3%
Municipal Building BANs, Series 2018	\$1,300,000	2.55%
TIF Revenue Refunding Bonds, Series 2018	8,155,000	4.80%
Total	<u>\$16,104,457</u>	

The Ohio Water Development Authority (OWDA) approved up to \$352,386 in loans to the Village for the project funded by the 6216 loan. The Village will repay the loan in semiannual installments of \$3,520. The loan is noninterest bearing and matures on January 1, 2043.

The Ohio Public Works Commission (OPWC) approved up to \$344,242 in loans to the Village for project CJ10S. The Village will repay the loan in semiannual installments of \$8,606. The loan is noninterest bearing and matures on January 1, 2036.

In 2018, the Village issued \$1,300,000 in Municipal Building Bond Anticipation Notes (Series 2018) at 2.55% for renovating the former South Lebanon Elementary School to be used as the Village of South Lebanon Municipal Building. Interest is payable semiannually on February 1 and August 1 of each year, commencing on August 1, 2021. The Series 2018 Municipal Building Bond Anticipation Notes mature on August 1, 2021.

**Tax Increment Financing (TIF) District**

The Village, pursuant to the Ohio Revised Code, has established a TIF District. A TIF District represents a geographical area, wherein property values created after the commencement date of the TIF are exempt, in whole or in part, from property taxes. Owners of such properties, however, must pay amounts equal to the property taxes, known as “statutory service payments,” as though the TIF District had not been established. These statutory service payments are then dedicated to the payments for various public improvements within or adjacent to the TIF District. Property values existing before the commencement



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*For the Year Ended December 31, 2019*

of the TIF District continue to be subjected to property taxes. The Village, as a result of the establishment of the TIF District and related TIF agreement, is responsible for remitting a portion of the statutory service payments collected to the local school district. Payments to the local school district totaled \$274,717 for 2019.

In December 2016, the Village issued \$6,200,000 in TIF Revenue Bonds (Series 2016) at 3% through July 31, 2020 and thereafter beginning August 1, 2020 at 7.1252%. Interest payable annually on August 1 of each year, commencing on August 1, 2021. The Series 2016 TIF Revenue Bonds mature in August 2036.

In 2018, the Village issued \$8,410,000 in TIF Revenue Refunding Bonds (Series 2018) to refund the Series 2015 A and Series 2015 B TIF Revenue BANs. The interest rate is 4.80% until and including December 1, 2027 and thereafter beginning December 2, 2027 and continuing until December 1, 2036 shall be equal to the Ten Year Treasury Rate plus 2.09%; provided that in no event shall the interest rate be less than 4.80% or greater than 5.84%. Interest and principal are payable semi-annually, on each June 1 and December 1.

Trustee asset activity for BANs and Bonds are not reflected in the financial statements.

***Amortization***

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

Year Ending December 31:	TIF Bonds (Principal Only)	Municipal Building BAN's	TIF Refunding Bonds (Principal Only)	OWDA Loan	OPWC Loan
2020		\$33,150	\$320,000	\$7,041	\$17,212
2021		1,333,150	335,000	7,041	17,212
2022	110,000		350,000	7,041	17,212
2023	230,000		370,000	7,041	17,212
2024	245,000		385,000	7,041	17,212
2025-2029	1,670,000		2,230,000	35,204	86,061
2030-2034	2,580,000		2,830,000	35,204	86,061
2035-2039	1,365,000		1,335,000	35,204	25,818
2040-2044				24,642	
Total	<u>\$6,200,000</u>	<u>\$1,366,300</u>	<u>\$8,155,000</u>	<u>\$165,459</u>	<u>\$284,000</u>

**Note 10 – 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 may 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.

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

Village of South Lebanon  
Warren County  
10 North High Street  
South Lebanon, Ohio 45065

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 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 the related notes to the financial statements and have issued our report thereon date December 23, 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***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  
December 23, 2021

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF SOUTH LEBANON**

**WARREN 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 1/11/2022**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)