



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF NEW LONDON
HURON COUNTY

SINGLE AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

One East Campus View Blvd. Suite 300 • Columbus, OH 43235 • (614) 389-5775 • FAX (614) 467-3920
PO Box 875 • 129 Pinckney Street • Circleville, OH 43113 • (740) 474-5210 • FAX (740) 474-7319
PO Box 1224 • 725 Fifth Street • Portsmouth, OH 45662 • (740) 289-4131 • FAX (740) 474-7319
PO Box 690 • 126 Biggs Lane • South Shore, KY 41175 • (606) 331-5689 • FAX (740) 474-7319
PO Box 325 • 618 Tenth Street, Suite 103 • Huntington, WV 25701 • (304) 521-2648 • FAX (740) 474-7319

www.bhmcpagroup.com

OHIO AUDITOR OF STATE
KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Village Council
Village of New London
115 E. Main Street
New London, OH 44851

We have reviewed the *Independent Auditor's Report* of the Village of New London, Huron County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2022 through December 31, 2023. 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 London 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

October 01, 2024

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VILLAGE OF NEW LONDON
HURON COUNTY
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For the Year Ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Village of New London
Huron County
115 East Main Street
New London, Ohio 44851

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of New London, Huron County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2023, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2023, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2023, or the changes in financial position or, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2024, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



BHM CPA Group, Inc.
Circleville, Ohio
August 19, 2024

Village of New London, Ohio
Huron County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2023

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 79,006	\$ 21,537	\$ -	\$ 100,543
Municipal Income Tax	554,793	273,255	-	828,048
Intergovernmental	364,780	177,768	200,615	743,163
Special Assessments	-	-	-	-
Charges for Services	-	465,268	59,847	525,115
Fines, Licenses and Permits	25,071	6,935	-	32,006
Earnings on Investments	18,341	1,222	-	19,563
Miscellaneous	1,392	13,640	7,033	22,065
<i>Total Cash Receipts</i>	<u>1,043,383</u>	<u>959,625</u>	<u>267,495</u>	<u>2,270,503</u>
Cash Disbursements				
Current:				
Security of Persons and Property	-	692,150	-	692,150
Public Health Services	-	28,063	-	28,063
Leisure Time Activities	-	400,349	-	400,349
Community Environment	6,754	-	-	6,754
Transportation	-	238,783	-	238,783
General Government	404,522	22,119	-	426,641
Capital Outlay	248,118	74,600	245,939	568,657
Debt Service:				
Principal Retirement	-	25,294	-	25,294
Interest and Fiscal Charges	-	6,050	-	6,050
<i>Total Cash Disbursements</i>	<u>659,394</u>	<u>1,487,408</u>	<u>245,939</u>	<u>2,392,741</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>383,989</u>	<u>(527,783)</u>	<u>21,556</u>	<u>(122,238)</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	-	38,221	-	38,221
Transfers In	11,000	390,000	-	401,000
Transfers Out	(395,000)	(6,000)	-	(401,000)
Other Financing Sources	16,504	11,155	120	27,779
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(367,496)</u>	<u>433,376</u>	<u>120</u>	<u>66,000</u>
<i>Net Change in Fund Cash Balances</i>	16,493	(94,407)	21,676	(56,238)
<i>Fund Cash Balances, January 1</i>	<u>458,829</u>	<u>485,545</u>	<u>67,918</u>	<u>1,012,292</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 475,322</u>	<u>\$ 391,138</u>	<u>\$ 89,594</u>	<u>\$ 956,054</u>

See accompanying notes to the basic financial statements

Village of New London, Ohio
Huron County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2023

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 2,336,981
Miscellaneous	1,021
	2,338,002
<i>Total Operating Cash Receipts</i>	<i>2,338,002</i>
Operating Cash Disbursements	
Personal Services	872,687
Employee Fringe Benefits	384,922
Contractual Services	385,133
Supplies and Materials	345,071
Other	14,453
	2,002,266
<i>Total Operating Cash Disbursements</i>	<i>2,002,266</i>
<i>Operating Income (Loss)</i>	<i>335,736</i>
Non-Operating Receipts (Disbursements)	
Earnings on Investments	459
Other Debt Proceeds	53,250
Capital Outlay	(105,147)
Principal Retirement	(504,506)
Interest and Other Fiscal Charges	(63,735)
Other Financing Sources	8,379
	(611,300)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(611,300)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(275,564)</i>
<i>Fund Cash Balances, January 1</i>	<i>1,723,500</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 1,447,936</i>

See accompanying notes to the basic financial statements

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

1. Reporting Entity

The Village of New London (the village), Huron County, Ohio is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services, cemetery maintenance, water, sewer, and sanitation utilities, park operations, and police and fire services. The Village appropriates General Fund money to support a volunteer fire department.

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

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. 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.

2. Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

General Fund

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

Special Revenue Funds

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

Parks and Recreation Fund - This fund receives charges for services and grants that are committed to the maintenance of parks and programs. This fund will begin receiving a 3.0 mil property tax beginning in 2024 that will be used for recreation park improvements.

Police and Fire Fund – This fund receives funds received through the additional .50% portion of income tax proceeds and for the disbursement of funds for operating expenses of the Police or Fire Departments. This fund is also supplemented by the General Fund.

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Capital Project Funds

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

Fire Fighting Facilities Fund – This fund receives revenues from fire protection contracts. The proceeds are being used to purchase fire equipment and facility maintenance.

CSX Fund - This fund received money in 1999 from CSX as a requirement by the federal government to comply with a program to mitigate the environmental problems the merger of Conrail and CSX would create for the village. This money is to be used for the benefit of the citizens of the village. In 2023 this fund was used with Village Council's approval to make improvements to the interior of the Hileman Building at the recreation park. The village received a grant to make these improvements but was responsible for paying the invoices up front. All invoices were paid through this fund but the grant money also was received back into this fund so the cost was paid back in full.

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 Operating Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Operating Fund - This fund receives charges for services from residents to cover sanitary sewer service costs.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The 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 expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

Appropriations

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

VILLAGE OF NEW LONDON
HURON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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 2023 budgetary activity appears in Note 3.

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.

Leases

The Village is the lessee in various leases (as defined by GASB 87) related to vehicles and other equipment under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

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

Restricted

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

Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned

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

Unassigned

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

3. Budgetary Activity

Budgetary activity for the year ended December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$683,712	\$1,070,887	\$387,175
Special Revenue	1,337,429	1,373,458	36,029
Capital Projects	496,825	267,615	(229,210)
Enterprise	2,845,172	2,836,116	(9,056)
Total	\$5,363,138	\$5,548,076	\$184,938

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$990,556	\$1,076,722	(\$86,166)
Special Revenue	1,842,135	1,486,213	355,922
Capital Projects	696,924	250,749	446,175
Enterprise	4,460,937	3,111,680	1,349,257
Total	\$7,990,552	\$5,925,364	\$2,065,188

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:

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>2023</u>
Demand deposits	\$1,261,654
Certificates of deposit	113,802
Other time deposits (savings accounts)	<u>1,028,534</u>
Total deposits	<u>\$2,403,990</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, 2023, the village is holding \$12,953.40 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit 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.

5. Taxes

Property taxes

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

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

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

Income Taxes

The Village levies a municipal income tax of one- and one-half 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.

6. Risk Management

Workers' Compensation

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The intent of the GRP is to achieve the benefit of reduced premiums for the

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

participants, foster safer working conditions and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating entities is calculated as one experience and common premium is applied to all entities in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for all entities in the GRP rather than its individual rate. Total savings are then calculated, and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. The Village uses Sedgwick as its managed care organization.

Risk Pool Membership

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

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

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

	<u>2023</u>
Cash and Investments	\$43,996,442
Actuarial Liabilities	\$19,743,401

7. Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The majority of 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, 2023.

Ohio Police and Fire Retirement System

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

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2023.

Social Security

The Village's volunteer firefighters and mayor contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

8. Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERA that provides tax-free reimbursement for qualified medical expenses such as monthly pos-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERA employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of the employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

9. Debt

Debt outstanding at December 31, 2023 was as follows:

	Principal	Interest Rate
Governmental Lease-Purchase Agreement-Garbage Truck	\$76,861	4.99%
USDA Mortgage Revenue Bonds - STP Headworks Improvements	2,073,772	1.38%
OWDA Refinance San Sew System Mortgage Rev Bonds - Series 2013	3,301,362	0.75%
OWDA Asset Management Loan	4,068	0.00%
Master Lease Purchase Agreement for Equipment	63,902	3.09%
Master Lease Purchase Agreement for Mowers	7,528	3.39%
Master Lease Purchase Agreement for 2023 International Dump Truck	66,714	3.29%
Lease Purchase Agreement for 2023 John Deere Commercial Mower	9,780	6.95%
OPWC Water Treatment Plant Improvement Engineering	529,445	0.00%
OPWC West Washburn Street Improvements	74,038	0.00%
OPWC Birch Park Drive Improvements	73,374	0.00%
OWDA WPT Improvements HAB	1,643,019	0.00%
OWDA Lead Service Line Replacement	50,728	0.00%
OWDA Reservoir Campground Pump Station	168,433	2.53%
Total	<u>\$8,143,024</u>	

The Governmental Lease-Purchase Agreement No. 001-0746283-300 dated as of July 6, 2018 was issued for a new garbage truck. The Village borrowed \$188,500.00 for the truck and it will

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

be paid semiannually over the next seven years at an interest rate of 4.99%. The first payment was made in July of 2019. This lease will be paid in full in 2025.

The Sanitary Sewer System Mortgage Revenue Bonds – Series 2013 were issued to upgrade the Village’s sanitary sewer system. Sewer receipts collateralize this loan. The Village has agreed to set utility rates sufficient to cover debt service requirements. The original amount of this Bond was \$3,724,000.00 with an interest rate of 2.125%. In 2021 the village began the process of refinancing this loan with the Ohio Water Development Authority (OWDA) at an interest rate of .75%. No payments were made on this loan during 2021. The first payment to OWDA will be on July 1, 2022. The new principal balance is \$3,449,991.62 and will be paid twice per year with the final payment being in July of 2051.

OPWC Loan #CT33Y for West Washburn Street Improvements was initialized in 2022. This project upgraded the street’s storm sewer system by adding additional storm tiles. Upon completion, the street was resurfaced to fix the damage the work done had caused. This project was partially funded through a grant from OPWC. The balance of the project will be paid back in semi-annual payments. The loan will be paid in full in 2042. This is an interest-free loan and will be paid out of the Storm Sewer account.

OWDA Loan #8177 for an Asset Management Plan was mandated by the EPA. The first payment was made in 2021. A semi-annual payment of \$1,017.00 will continue to be made out of the Water Fund until the loan is complete in 2025.

OWDA Loan #9685 for Lead Service Line Replacement was initialized in 2022. This project was done to ensure all lead water services in town were replaced. This project was partially funded through an Ohio EPA grant. The balance of the project was funded through an interest-free loan. Payments on this loan will begin in 2024 and the loan will be paid in full in 2043. This loan is paid out of the Water Fund.

The Master Lease Purchase Agreement dated March 9, 2020 was issued for a John Deere Backhoe Loader with Equipment, John Deer Skid Steer with Equipment and a Yanmar Excavator with Equipment. The initial amount of the lease was \$130,115.84 and it will be paid over the next seven years. The interest rate is 3.09%. This lease is paid quarterly and is paid out of the Water, Sewer, Street and Sanitation accounts. Payments began in June of 2020 and will be complete in 2027.

The Master Lease Purchase Agreement dated March 9, 2020 was issued for two Kubota Mowers with Equipment for the Recreation Department. The initial amount of the lease was \$28,294.44 and it will be paid over the next five years. The interest rate is 3.39%. This lease is paid quarterly. Payments began in June of 2020 and will be complete in 2025.

The Master Lease Purchase Agreement dated March 8, 2023 was issued to purchase a 2023 International HV507 Dump Truck. A down payment of \$90,000 was made toward the purchase of the truck in 2022. The amount financed is \$69,049.12. The first payment was made in 2023. Annual payments will be made with the lease being paid in full in 2029. This lease has an interest rate of 3.29%. Multiple departments will utilize the dump truck. It will be paid equally out of the State Highway, Local Permissive, Water, Sewer, Sanitation and Storm funds.

The Lease Purchase Agreement for a 2023 John Deere Z994 Diesel Commercial ZTrak mower was initialized in 2023. The cost of the mower was \$15,478.47, but a trade-in value was given of \$2,800 for a different mower. This makes the amount financed \$12,678.47. This lease has an interest rate of 6.95% and will be paid in annual installments. The lease will be paid in full in 2027. This lease is paid out of the Recreation Fund.

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

The OPWC Loan CI17U for Water Treatment Plant Improvements was initialized in 2019 and will be paid over 30 years. The first payment was made in January of 2020 and the final payment will be made in 2050. The original amortization schedule was changed from a final date of 2049 to 2050 due to the Coronavirus Pandemic and the waiver of the second payment in 2020. The loan is for \$599,372.00 and is interest free. This loan was for the engineering costs associated with the Water Treatment Plant Improvements.

OWDA Loan #7302 for the construction of a pump station and force main to eliminate an existing on-site wastewater treatment package plant at the New London Reservoir Campground was closed out on September 25, 2019. The final amount of the loan is \$231,269.95 and will be paid over 20 years. The project came in under budget so the full approved amount of the loan was not used. Due to the lower loan amount, the payments made in 2017, 2018 and 2019 were overpaid. This overpayment was reflected in the first payment made in 2020. This loan has an interest rate of 2.53% and is paid twice a year. The loan will be paid in full at the beginning of 2037. This loan is paid out of the Recreation Fund.

The OPWC Loan CI19S for Birch Park Drive improvements was initialized in 2017 and will be paid over 22 years. This loan was used to extend the storm sewer on Birch Park Drive to reduce flooding and to resurface the street. This is an interest free loan. This loan is paid twice a year and was originally for \$100,889. The amortization schedule was altered due to the Coronavirus Pandemic and the waiver of the second payment in 2020. The loan however, will still be paid in full in 2039.

OWDA Loan #8178 for Water Treatment Plant Improvements Harmful Algae Blooms was an EPA approved project that was completed in 2020. The loan was initialized in 2023 and is a zero-interest loan. This loan is paid twice a year. The loan is paid out of the Water Fund and will be paid in full in 2040.

The USDA mortgage revenue bond covenant requires the Village to establish and fund a Short-Lived Asset Fund, Reserve Account and Sewer Debt Account. The balances in these funds at December 31, 2023 was \$41,400.44, \$107,590.35 and \$147,889.06 respectively.

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

Year Ending December 31:	Kubota Mowers Lease	Equipment Lease	Garbage Truck Lease	John Deere Mower Lease	Dump Truck Lease	OPWC Water Treatment Plan Improvements Engineering Loan
2024	6,176	20,742	33,108	2,899	12,434	19,979
2025	1,544	20,742	33,108	2,899	12,434	19,979
2026		20,742	16,554	2,899	12,434	19,979
2027		5,186		2,899	12,434	19,979
2028					12,434	19,979
2029-2033					12,433	99,895
2034-2038						99,895
2039-2043						99,895
2044-2048						99,895
2049-2053						29,970
Total	<u>\$7,720</u>	<u>\$67,412</u>	<u>\$82,770</u>	<u>\$11,596</u>	<u>\$74,603</u>	<u>\$529,445</u>

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Year Ending December 31:	OWDA Rez Pump Station Loan	OWDA Refinanced		OWDA Lead Servie Line Replacement	OPWC Birch Park Drive Improvement	OWDA WTP Improvements HAB	OPWC West Washburn Improvements
		OWDA refinance of USDA - RD Loan Sanitary Sewer System	OWDA Sanitary Sewer System Mortgage Revenue Bonds - Series 2013				
2024	14,806	2,034	130,939	2,536	4,586	99,577	2,057
2025	14,806	2,034	130,939	2,537	4,586	99,577	4,113
2026	14,806		130,939	2,536	4,586	99,577	4,113
2027	14,806		130,939	2,536	4,586	99,577	4,113
2028	14,806		130,939	2,536	4,586	99,577	4,113
2029-2033	74,031		654,695	12,682	22,929	497,885	20,567
2034-2038	51,822		654,695	12,682	22,929	497,885	20,567
2039-2043			654,695	12,683	4,586	149,364	14,395
2044-2048			654,695				
2049-2053			392,817				
Total	<u>\$199,883</u>	<u>\$4,068</u>	<u>\$3,666,292</u>	<u>\$50,728</u>	<u>\$73,374</u>	<u>\$1,643,019</u>	<u>\$74,038</u>

The USDA Mortgage Revenue Bonds relates to a sewer treatment headworks project. This project is taking place for safety issues and potential equipment failure. The USDA outstanding principal as of December 31, 2023 was \$2,073,900.00 for this project. The Village will repay the loan in semiannual installments including 1.375% interest. The USDA will adjust scheduled payments to reflect any revisions in amounts the Village actually borrowed. This project was completed in 2023. No amortization is available at this time. Therefore, the schedule above does not reflect future debt service payments for this loan. Sewer receipts collateralize the loan. The village has agreed to set utility rates sufficient to cover USDA debt service requirements.

OWDA Loan #8375 for Wastewater Treatment Plant Headworks Project engineering costs was paid in full in 2023 with the completion of the sewer treatment plant headworks project. The balance of this loan was \$155,626.21 and was paid with funds from the USDA Mortgage Revenue Bonds.

10. CONSTRUCTION AND CONTRACTUAL COMMITMENTS

The Village has a couple of projects in the works to begin in 2024. The village will be going to bid in February or March for a project to make several improvements on Coleman Court, a private street within the Village. The Village has also begun engineering field work for improvements on New London Avenue. Both projects will be at least partially funded through grant monies.

The Village has also moved to the engineering phase of a Downtown Improvement Project which will be funded by grant money.

11. CONTINGENT LIABILITIES

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

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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. 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	Capital Projects	Total
Nonspendable:				
Unclaimed Monies	\$58	\$0	\$0	58
Outstanding Encumbrances	22,328	18,348	4,810	45,486
<i>Total</i>	<u>\$22,386</u>	<u>\$18,348</u>	<u>\$4,810</u>	<u>\$45,544</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are 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.

13. COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended in April 2023. The Village spent the remaining available COVID-19 funding in 2023.

During 2023, the village spent the remaining funds of \$18,916.12 to partially fund a company vehicle for the Assistant Water/Sewer Superintendent and buy a John Deere mower for the cemetery to save on mowing costs from hiring an outside mowing company.

VILLAGE OF NEW LONDON
HURON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal ALN Number	Total Federal Expenditures	Loan Balance
<u>U.S. DEPARTMENT OF THE TREASURY</u>			
<i>Passed Through Ohio Department of Education</i>			
Coronavirus State and Local Fiscal Recovery Fund	21.027	18,916	-
Total U.S. Department of the Treasury		18,916	-
<u>U.S. DEPARTMENT OF AGRICULTURE RURAL DEVELOPMENT</u>			
<i>Direct Program</i>			
Water and Waste Disposal Systems for Rural Communities Grant	10.760	489,275	-
Water and Waste Disposal Systems for Rural Communities Loan	10.760	-	2,115,072
Total U.S. Department of Agriculture Rural Development		489,275	2,115,072
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Direct Program</i>			
Assistance to Firefighters Grant (AFG) Program	97.004	171,584	-
Total U.S. Department of Homeland Security		171,584	-
Total Expenditures of Federal Awards		679,775	2,115,072

The accompanying notes are an integral part of this schedule.

**VILLAGE OF NEW LONDON
HURON COUNTY**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Village of New London (the Village) under programs of the federal government for the year ended December 31, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Village.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – LOAN PROGRAMS WITH CONTINUING COMPLIANCE REQUIREMENTS

The federal loan programs listed below are administered directly by the Village, and balances and transactions relating to these programs are included in the Village’s basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balances of loans outstanding at 12/31/2023 consist of:

<u>ALN Number</u>	<u>Program/Cluster Name</u>	<u>Outstanding Balance at 12/31/2023</u>
10.760	Water and Waste Disposal Systems for Rural Communities	\$2,073,772



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

Village of New London
Huron County
115 East Main Street
New London, Ohio 44851

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund as of and for the year ended December 31, 2023 and the related notes to the financial statements of the Village of New London, Huron County, (the Village) and have issued our report thereon dated August 19, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Village's Response to Findings

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

Purpose of This Report

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

The image shows a handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.
Circleville, Ohio
August 19, 2024



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

Village of New London
Huron County
115 East Main Street
New London, Ohio 44851

To the Village Council:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Village of New London's, Huron County, (Village) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Village of New London's major federal program for the year ended December 31, 2023. The Village of New London's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, the Village of New London complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

The Village's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Village's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Village's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Village's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Village's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Village's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.
Circleville, Ohio
August 19, 2024

Village of New London
Huron County
Schedule of Findings
2 CFR § 200.515
December 31, 2023

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Adverse under GAAP, unmodified under the regulatory basis
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Water and Waste Disposal Systems for Rural Communities ALN# 10.760
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

Village of New London
Huron County
Schedule of Findings
2 CFR § 200.515
December 31, 2023

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

FINDING NUMBER 2023-001

Material Weakness - *Financial Reporting*

Sound financial reporting is the responsibility of the fiscal officer and council and is essential to ensure information provided to the readers of the financial statements is complete and accurate.

Misstatements were identified during the course of the audit which have not been prevented or detected by the Village's internal controls over financial reporting. Material and immaterial misstatements were identified in the following area:

- Debt Proceeds were not recorded for OWDA debt.
- USDA Grant proceeds were recorded as debt proceeds.
- Principal forgiveness was not properly recorded on OWDA loans.
- Principal payments were not properly recorded for all debt.
- Interest was not properly recorded for all debt
- Capital Outlay was not fully recognized upon adding new principal to existing loans.
- Debt disclosures required corrections and updates.
- Budgetary adjustments in Notes.

To ensure the Village's financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer review the Ohio Village Officers Handbook for guidance on the correct line item to post various receipts and expenditures of the Village.

Officials Response: See Corrective Action Plan.

3. FINDINGS FOR FEDERAL AWARDS

None.

VILLAGE OF NEW LONDON
HURON COUNTY
DECEMBER 31, 2023

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)

Finding Number	Finding Summary	Status	Additional Information
2022-001	Material Weakness – Financial Reporting	Not Corrected	Reissued as Finding 2023-001

Village of New London
Huron County
Corrective Action Plan
2 CFR § 200.511(c)
December 31, 2023

Finding Number: 2023-001

Planned Corrective Action:

Anticipated Completion Date: 12/31/2023

Responsible Contact Person: Nancy Howell, Finance Director

Village of New London's Response

As the Fiscal Officer of the Village I will make sure I receive appropriate training to learn correct procedures for dealing with loans and leases.



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF NEW LONDON
HURON COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2022

One East Campus View Blvd. Suite 300 • Columbus, OH 43235 • (614) 389-5775 • FAX (614) 467-3920
PO Box 875 • 129 Pinckney Street • Circleville, OH 43113 • (740) 474-5210 • FAX (740) 474-7319
PO Box 1224 • 725 Fifth Street • Portsmouth, OH 45662 • (740) 289-4131 • FAX (740) 474-7319
PO Box 690 • 126 Biggs Lane • South Shore, KY 41175 • (606) 331-5689 • FAX (740) 474-7319
PO Box 325 • 618 Tenth Street, Suite 103 • Huntington, WV 25701 • (304) 521-2648 • FAX (740) 474-7319

www.bhmcpagroup.com

VILLAGE OF NEW LONDON
HURON COUNTY
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INDEPENDENT AUDITOR'S REPORT

Village of New London
Huron County
115 East Main Street
New London, Ohio 44851

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of New London, Huron County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2022, or the changes in financial position or, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2024, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



BHM CPA Group, Inc.
Circleville, Ohio
August 19, 2024

Village of New London, Ohio
Huron County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 76,895	\$ 21,497	\$ -	\$ 98,392
Municipal Income Tax	492,922	242,782	-	735,704
Intergovernmental	117,154	322,242	18,100	457,496
Charges for Services	-	448,766	59,225	507,991
Fines, Licenses and Permits	26,728	6,415	-	33,143
Earnings on Investments	5,803	502	-	6,305
Miscellaneous	1,016	21,938	44,412	67,366
<i>Total Cash Receipts</i>	<u>720,518</u>	<u>1,064,142</u>	<u>121,737</u>	<u>1,906,397</u>
Cash Disbursements				
Current:				
Security of Persons and Property	-	592,720	-	592,720
Public Health Services	-	19,623	-	19,623
Leisure Time Activities	-	359,141	-	359,141
Community Environment	5,911	-	-	5,911
Transportation	-	156,386	-	156,386
General Government	393,744	214,373	-	608,117
Capital Outlay	32,500	1,125	127,938	161,563
Debt Service:				
Principal Retirement	-	18,552	7,919	26,471
Interest and Fiscal Charges	-	5,748	277	6,025
<i>Total Cash Disbursements</i>	<u>432,155</u>	<u>1,367,668</u>	<u>136,134</u>	<u>1,935,957</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>288,363</u>	<u>(303,526)</u>	<u>(14,397)</u>	<u>(29,560)</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	-	9,680	-	9,680
Transfers In	11,000	330,000	-	341,000
Transfers Out	(335,000)	(6,000)	-	(341,000)
Other Financing Sources	3,090	9,889	28,896	41,875
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(320,910)</u>	<u>343,569</u>	<u>28,896</u>	<u>51,555</u>
<i>Net Change in Fund Cash Balances</i>	(32,547)	40,043	14,499	21,995
<i>Fund Cash Balances, January 1</i>	<u>491,376</u>	<u>445,502</u>	<u>53,419</u>	<u>990,297</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 458,829</u>	<u>\$ 485,545</u>	<u>\$ 67,918</u>	<u>\$ 1,012,292</u>

See accompanying notes to the basic financial statements

Village of New London, Ohio
Huron County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2022

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 2,375,644
Miscellaneous	14,000
	2,389,644
<i>Total Operating Cash Receipts</i>	<i>2,389,644</i>
Operating Cash Disbursements	
Personal Services	778,493
Employee Fringe Benefits	323,843
Contractual Services	377,705
Supplies and Materials	295,818
Other	11,732
	1,787,591
<i>Total Operating Cash Disbursements</i>	<i>1,787,591</i>
<i>Operating Income (Loss)</i>	<i>602,053</i>
Non-Operating Receipts (Disbursements)	
Earnings on Investments	120
Loans Issued	1,621,487
Capital Outlay	(1,564,082)
Principal Retirement	(614,338)
Interest and Other Fiscal Charges	(43,291)
Other Financing Sources	12,846
	(587,258)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(587,258)</i>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	14,795
Extraordinary Item	(10,000)
<i>Net Change in Fund Cash Balances</i>	4,795
<i>Fund Cash Balances, January 1</i>	1,718,705
<i>Fund Cash Balances, December 31</i>	\$ 1,723,500

See accompanying notes to the basic financial statements

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

1. Reporting Entity

The Village of New London (the village), Huron County, Ohio is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services, cemetery maintenance, water, sewer, and sanitation utilities, park operations, and police and fire services. The Village appropriates General Fund money to support a volunteer fire department.

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

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. 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.

2. Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

General Fund

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

Special Revenue Funds

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

Parks and Recreation Fund - This fund receives charges for services and grants that are committed to the maintenance of parks and programs.

Police and Fire Fund – This fund receives funds received through the additional .50% portion of income tax proceeds and for the disbursement of funds for operating expenses of the Police or Fire Departments. This fund is also supplemented by the General Fund.

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Capital Project Funds

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

Fire Fighting Facilities Fund – This fund receives revenues from fire protection contracts. The proceeds are being used to purchase fire equipment and facility maintenance.

Recreation Improvement Fund - This fund primarily receives money from cabin and kayak rentals and donations. The proceeds are used to improve recreation facilities at the recreation park and reservoir.

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 Operating Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Operating Fund - This fund receives charges for services from residents to cover sanitary sewer service costs.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The 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 expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

Appropriations

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

VILLAGE OF NEW LONDON
HURON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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 2022 budgetary activity appears in Note 3.

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.

Leases

The Village is the lessee in various leases (as defined by GASB 87) related to vehicles and other equipment under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

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

Restricted

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

Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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 14.

3. Budgetary Activity

Budgetary activity for the year ended December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$624,058	\$734,608	\$110,550
Special Revenue	1,295,126	1,413,711	118,585
Capital Projects	133,196	150,633	17,437
Enterprise	5,014,663	4,024,097	(990,566)
Total	\$7,067,043	\$6,323,049	(\$743,994)

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$943,976	\$778,361	\$165,615
Special Revenue	1,760,817	1,395,806	365,011
Capital Projects	335,136	136,400	198,736
Enterprise	6,731,481	4,019,302	2,712,179
Total	\$9,771,410	\$6,329,869	\$3,441,541

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:

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>2022</u>
Demand deposits	\$1,606,981
Certificates of deposit	111,448
Other time deposits (savings accounts)	<u>1,017,363</u>
Total deposits	<u>\$2,735,792</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, 2022, the village is holding \$0.00 in unremitted employee payroll withholdings.

Deposits

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

5. Taxes

Property taxes

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

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

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

Income Taxes

The Village levies a municipal income tax of one- and one-half 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.

6. Risk Management

Workers' Compensation

The Village has not been eligible for the Ohio Municipal League Group Rating Plan due to a large claim in 2016. Beginning in 2023, the large claim will drop off and the Village will be eligible for

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

the Ohio Municipal League Group Rating Plan once again. The Village uses Sedgwick as its managed care organization.

Risk Pool Membership

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

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

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

	<u>2022</u>
Cash and Investments	\$42,310,794
Actuarial Liabilities	\$15,724,479

During 2022 the Village made significant changes to coverage from prior year by increasing the amount of the USDA bond to accommodate a sewer treatment headworks improvement project beginning at the end of 2021 and extending into the beginning of 2023.

7. Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The majority of 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, 2022.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement 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 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2022.

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Social Security

The Village's volunteer firefighters and mayor contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

8. Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

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

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

9. Debt

Debt outstanding at December 31, 2022 was as follows:

	Principal	Interest Rate
Governmental Lease-Purchase Agreement-Garbage Truck	\$105,024	4.99%
USDA Sanitary Sewer System Mortgage Revenue Bonds - Series 2021	2,115,072	1.38%
OWDA Refinance San Sew System Mortgage Rev Bonds - Series 2013	3,406,947	0.75%
OWDA Asset Management Loan	6,102	0.00%
Master Lease Purchase Agreement for Equipment	82,313	3.09%
Master Lease Purchase Agreement for Mowers	13,325	3.39%
Master Lease Purchase Agreement for Vac Truck	30,996	4.15%
OPWC Water Treatment Plant Improvement Engineering	549,424	0.00%
OPWC West Washburn Street Improvements	74,038	0.00%
OPWC Birch Park Drive Improvements	77,960	0.00%
OWDA WPT Improvements HAB	1,727,408	0.00%
OWDA WWTP Headworks Project Engineering	163,234	3.42%
OWDA Lead Service Line Replacement	50,728	0.00%
OWDA Reservoir Campground Pump Station	178,781	2.53%
Total	\$8,581,352	

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

The Governmental Lease-Purchase Agreement No. 001-0746283-300 dated as of July 6, 2018 was issued for a new garbage truck. The Village borrowed \$188,500.00 for the truck and it will be paid semiannually over the next seven years at an interest rate of 4.99%. The first payment was made in July of 2019. This lease will be paid in full in 2026.

The Sanitary Sewer System Mortgage Revenue Bonds – Series 2013 were issued to upgrade the Village's sanitary sewer system. Sewer receipts collateralize this loan. The Village has agreed to set utility rates sufficient to cover debt service requirements. The original amount of this Bond was \$3,724,000.00 with an interest rate of 2.125%. In 2021 the village began the process of refinancing this loan with the Ohio Water Development Authority (OWDA) at an interest rate of .75%. No payments were made on this loan during 2021. The first payment to OWDA will be on July 1, 2022. The new principal balance is \$3,406,947 and will be paid twice per year with the final payment being in July of 2051.

OPWC Loan #CT33Y for West Washburn Street Improvements was initialized in 2022. This project upgraded the street's storm sewer system by adding additional storm tiles. Upon completion, the street was resurfaced to fix the damage the work done had caused. This project was partially funded through a grant from OPWC. The balance of the project will be paid back in semi-annual payments. The loan will be paid in full in 2042. This is an interest-free loan and will be paid out of the Storm Sewer account.

OWDA Loan #8177 for an Asset Management Plan was mandated by the EPA. The first payment was made in 2021. A semi-annual payment of \$1,017.00 will continue to be made out of the Water Fund until the loan is complete in 2025.

OWDA Loan #9685 for Lead Service Line Replacement was initialized in 2022. This project was done to ensure all lead water services in town were replaced. This project was partially funded through an Ohio EPA grant. The balance of the project was funded through an interest-free loan. Payments on this loan will begin in 2024 and the loan will be paid in full in 2043. This loan is paid out of the Water Fund.

The Master Lease Purchase Agreement dated March 9, 2020 was issued for a John Deere Backhoe Loader with Equipment, John Deer Skid Steer with Equipment and a Yanmar Excavator with Equipment. The initial amount of the lease was \$130,115.84 and it will be paid over the next seven years. The interest rate is 3.09%. This lease is paid quarterly and is paid out of the Water, Sewer, Street and Sanitation accounts. Payments began in June of 2020 and will be complete in 2027.

The Master Lease Purchase Agreement dated March 9, 2020 was issued for two Kubota Mowers with Equipment for the Recreation Department. The initial amount of the lease was \$28,294.44 and it will be paid over the next five years. The interest rate is 3.39%. This lease is paid quarterly. Payments began in June of 2020 and will be complete in 2025.

The Master Lease Purchase Agreement was issued to purchase a VacAll Vacuum Truck on a Freightliner 108SD Chassis. The lease was for \$143,000 and payments began in 2019. The lease is paid twice a year for five years and will be completely paid in November of 2023. The interest on the lease is 4.15%. The cost of the truck is split between the Water, Sewer and Storm Sewer accounts.

The OPWC Loan CI17U for Water Treatment Plant Improvements was initialized in 2019 and will be paid over 30 years. The first payment was made in January of 2020 and the final payment will be made in 2050. The original amortization schedule was changed from a final date of 2049 to 2050 due to the Coronavirus Pandemic and the waiver of the second payment in 2020. The loan

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

is for \$599,372.00 and is interest free. This loan was for the engineering costs associated with the Water Treatment Plant Improvements.

OWDA Loan #7302 for the construction of a pump station and force main to eliminate an existing on-site wastewater treatment package plant at the New London Reservoir Campground was closed out on September 25, 2019. The final amount of the loan is \$231,269.95 and will be paid over 20 years. The project came in under budget so the full approved amount of the loan was not used. Due to the lower loan amount, the payments made in 2017, 2018 and 2019 were overpaid. This overpayment was reflected in the first payment made in 2020. This loan has an interest rate of 2.53% and is paid twice a year. The loan will be paid in full at the beginning of 2037. This loan is paid out of the Recreation Fund.

The OPWC Loan CI19S for Birch Park Drive improvements was initialized in 2017 and will be paid over 22 years. This loan was used to extend the storm sewer on Birch Park Drive to reduce flooding and to resurface the street. This is an interest free loan. This loan is paid twice a year and was originally for \$100,889. The amortization schedule was altered due to the Coronavirus Pandemic and the waiver of the second payment in 2020. The loan however, will still be paid in full in 2039.

The USDA mortgage revenue bond covenant requires the Village to establish and fund a Short-Lived Asset Fund, Reserve Account and Sewer Debt Account. The balances in these funds at December 31, 2022 was \$41,400.44, \$107,590.35 and \$147,889.06 respectively.

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

Year Ending December 31:	Kubota Mowers Lease	Equipment Lease	Garbage Truck Lease	Vac Truck Lease	OPWC Water Treatment Plan Improvements Engineering Loan
2023	6,176	20,742	33,108	31,964	19,979
2024	6,176	20,742	33,108		19,979
2025	1,544	20,742	33,108		19,979
2026		20,742	16,554		19,979
2027		5,186			19,979
2028-2032					99,895
2033-2037					99,895
2038-2042					99,895
2043-2047					99,895
2048-2052					49,949
Total	<u>\$13,896</u>	<u>\$88,154</u>	<u>\$115,878</u>	<u>\$31,964</u>	<u>\$549,424</u>

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Year Ending December 31:	OWDA Rez Pump Station Loan	OWDA refinance of USDA - RD Loan Sanitary Sewer System	OWDA Refinanced Sanitary Sewer System Mortgage Revenue Bonds - Series 2013	OWDA Lead Service Line Replacement	OPWC Birch Park Drive Improvement	OPWC West Washburn Street Improvements
2023	14,806	2,034	130,939	0	4,586	0
2024	14,806	2,034	130,939	2,536	4,586	2,057
2025	14,806	2,034	130,939	2,537	4,586	4,113
2026	14,806		130,939	2,536	4,586	4,113
2027	14,806		130,939	2,536	4,586	4,113
2028-2032	74,031		654,695	12,682	22,929	20,567
2033-2037	66,629		654,695	12,682	22,929	20,567
2038-2042			654,695	12,682	9,172	18,508
2043-2047			654,695	2,537		
2048-2052			523,756			
Total	\$214,690	\$6,102	\$3,797,231	\$50,728	\$77,960	\$74,038

The USDA Mortgage Revenue Bonds relates to a sewer treatment headworks project. This project is taking place for safety issues and potential equipment failure. The USDA outstanding principal as of December 31, 2022 was \$2,115,200.00 for this project. The Village will repay the loan in semiannual installments including interest. The USDA will adjust scheduled payments to reflect any revisions in amounts the Village actually borrows. Accordingly, the schedule above does not reflect future debt service payments for this loan. Sewer receipts collateralize the loan. The village has agreed to set utility rates sufficient to cover USDA debt service requirements.

OWDA Loan #8178 for Water Treatment Plant Improvements Harmful Algae Blooms has no completed amortization schedule available as of the end of 2022. This was an EPA approved project that was completed in 2020. Accordingly, the schedule above does not reflect future debt service payments for this loan. As of December 31, 2022, the outstanding principal amount was \$1,727,407.31. The first payment was made in July of 2020 for \$52,826.18. A payment of \$52,826.18 will continue to be made twice per year until an official amortization schedule is completed. At that time, the amortization schedule will be followed.

OWDA Loan #8375 for Wastewater Treatment Plant Headworks Project engineering costs has no completed amortization schedule available as of the end of 2022. Accordingly, the schedule above does not reflect future debt service payments for this loan. The outstanding principal as of December 31, 2022 was \$163,234.39. The first payment was made in July of 2020 in the amount of \$9,015.78. Semi-annual payments in the same amount will continue to be paid until an amortization schedule is complete. At that time, the amortization schedule will be followed.

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

10. INTERFUND TRANSFERS

During 2022 the following transfers were made:

Fund Type / Fund	Transfer In	Transfer Out
General		\$335,000
Rainy Day	5,000	
CSX	6,000	
Special Revenue:		
Cemetery		1,000
Parks and Recreation		5,000
Police and Fire	300,000	
Police Disability and Pension	30,000	
Total	\$341,000	\$341,000

Transfers are used to (1) move receipts from the fund that statute or budget required to collect them to the fund that statute or budget requires to disburse them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted receipts collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations

11. CONTINGENT LIABILITIES

The Village is defendant in one lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matter will not materially adversely affect the Village's financial condition.

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

12. CONSTRUCTION AND CONTRACTUAL COMMITMENTS

The Village entered into a contract with Jones & Henry for engineering and developing plans for an improvement project at the Wastewater Treatment Plant. The engineering loan #8375 is displayed above under Note 9 for this cost. This project began in 2021 and it is over 50% completed. Due to the Coronavirus Pandemic, supplies have been difficult to acquire. The project is expected to be completed at the beginning of 2023. North Bay Construction was awarded the construction contract. This project is taking place for safety issues and potential equipment failure.

The Village entered into a contract with Erie Blacktop Inc. for the construction and installation of the West Washburn Street improvements. This project was completed in 2022.

The Village entered into an agreement with Fire Safety Services Inc. for the acquisition of Self-Contained Breathing Apparatus equipment. The majority of the cost of this equipment is covered by a SFM grant from the State of Ohio. This grant money will be deposited into the Fire Fighting Facilities Fund. The remaining portion will be paid out of existing funds in the Fire Fighting Facilities Fund.

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

13. DEBT SERVICE TRUSTEED FUNDS

The Water Improvement trust agreement required the Village to establish a debt service fund to be maintained by a custodian bank. The Village has established this fund. During fiscal year 2022, the Village used the remaining debt service funds to pay off the Series 2013 Mortgage Revenue Bonds, with the principal amount being \$185,000. The remaining balance of the Debt Service Trustee Funds, \$1,843, were remitted by the custodial bank to the Village and recorded as Other Financing Sources on the financial statements. At December 31, 2022, the custodian held \$0 in Village assets and this debt service account was closed.

14. 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	Capital Projects	Total
Nonspendable:				
Unclaimed Monies	\$58	\$0	\$0	58
Outstanding Encumbrances	11,206	22,138	266	33,610
<i>Total</i>	<u>\$11,264</u>	<u>\$22,138</u>	<u>\$266</u>	<u>\$33,668</u>

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

15. COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2022, the Village received \$124,487.59 in Federal ARPA funds. In 2022, these funds have been used to resolve an issue with hazard pay that had been inadvertently missed in 2021; upgrade water meter reading software; upgrade computers, rifles and lights for guns in the police department; provide a down payment for a new dump truck; provide a grant to the Firelands Ambulance Service; pave roads at the reservoir campground and patch roads at the recreation park; and purchase a pair of jaws-of-life for the fire department. The remaining ARPA funds will be spent in 2023.

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

16. EXTRAORDINARY ITEM

During 2022, the Village received an email to make a payment on their USDA loan that the Village paid in the amount of \$50,710.34 that turned out to be fraudulent. The Village filed a claim with their insurance carrier and was able to recoup the payment amount, minus the \$10,000. This loss is reflected on the financial statements.

VILLAGE OF NEW LONDON
HURON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal ALN Number	Total Federal Expenditures	Loan Balance
<u>U.S. DEPARTMENT OF THE TREASURY</u>			
<i>Passed Through Ohio Department of Education</i>			
Coronavirus Relief Fund	21.019	\$6	-
Coronavirus State and Local Fiscal Recovery Fund	21.027	211,223	-
Total U.S. Department of the Treasury		<u>211,229</u>	<u>-</u>
<u>U.S. DEPARTMENT OF AGRICULTURE RURAL DEVELOPMENT</u>			
<i>Direct Program</i>			
Water and Waste Disposal Systems for Rural Communities Grant	10.760	402,725	-
Water and Waste Disposal Systems for Rural Communities Loan	10.760	-	2,156,000
Total U.S. Department of Agriculture Rural Development		<u>402,725</u>	<u>2,156,000</u>
Total Expenditures of Federal Awards		<u>613,954</u>	<u>\$2,156,000</u>

The accompanying notes are an integral part of this schedule.

**VILLAGE OF NEW LONDON
HURON COUNTY**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Village of New London (the Village) under programs of the federal government for the year ended December 31, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Village.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – LOAN PROGRAMS WITH CONTINUING COMPLIANCE REQUIREMENTS

The federal loan programs listed below are administered directly by the Village, and balances and transactions relating to these programs are included in the Village's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balances of loans outstanding at 12/31/2022 consist of:

<u>ALN Number</u>	<u>Program/Cluster Name</u>	<u>Outstanding Balance at 12/31/2022</u>
10.760	Water and Waste Disposal Systems for Rural Communities	\$2,115,072



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

Village of New London
Huron County
115 East Main Street
New London, Ohio 44851

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund as of and for the year ended December 31, 2022 and the related notes to the financial statements of the Village of New London, Huron County, (the Village) and have issued our report thereon dated August 19, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Village's Response to Findings

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

Purpose of This Report

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

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.
Circleville, Ohio
August 19, 2024



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

Village of New London
Huron County
115 East Main Street
New London, Ohio 44851

To the Village Council:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Village of New London's, Huron County, (Village) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Village of New London's major federal program for the year ended December 31, 2022. The Village of New London's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, the Village of New London complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

The Village's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Village's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Village's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Village's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Village's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Village's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.
Circleville, Ohio
August 19, 2024

Village of New London
Huron County
 Schedule of Findings
 2 CFR § 200.515
 December 31, 2022

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Adverse under GAAP, unmodified under the regulatory basis
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Water and Waste Disposal Systems for Rural Communities ALN# 10.760
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

Village of New London
Huron County
Schedule of Findings
2 CFR § 200.515
December 31, 2022

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

FINDING NUMBER 2022-001

Material Weakness - *Financial Reporting*

Sound financial reporting is the responsibility of the fiscal officer and council and is essential to ensure information provided to the readers of the financial statements is complete and accurate.

Misstatements were identified during the course of the audit which have not been prevented or detected by the Village's internal controls over financial reporting. Material and immaterial misstatements were identified in the following area:

- Debt Proceeds were not recorded for OWDA debt.
- USDA Grant proceeds were recorded as debt proceeds.
- Principal forgiveness was not properly recorded on OWDA loans.
- Principal payments were not properly recorded for all debt.
- Interest was not properly recorded for all debt
- Capital Outlay was not fully recognized upon adding new principal to existing loans.
- Debt disclosures required corrections and updates.
- Budgetary adjustments in Notes.

To ensure the Village's financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer review the Ohio Village Officers Handbook for guidance on the correct line item to post various receipts and expenditures of the Village.

Officials Response: See Corrective Action Plan.

3. FINDINGS FOR FEDERAL AWARDS

None.

VILLAGE OF NEW LONDON
HURON COUNTY
DECEMBER 31, 2022

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)

Finding Number	Finding Summary	Status	Additional Information
2021-001	Material Weakness – Financial Reporting	Not Corrected	Reissued as Finding 2022-001

Village of New London
Huron County
Corrective Action Plan
2 CFR § 200.511(c)
December 31, 2022

Finding Number: 2022-001

Planned Corrective Action:

Anticipated Completion Date: 12/31/2023

Responsible Contact Person: Nancy Howell, Finance Director

Village of New London's Response

As the Fiscal Officer of the Village I will make sure I receive appropriate training to learn correct procedures for dealing with loans and leases.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF NEW LONDON

HURON 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 10/15/2024

65 East State 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