

**VILLAGE OF NEW LEBANON**  
DAYTON REGION, MONTGOMERY COUNTY, OHIO  
**REGULAR AUDIT**  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005





Mary Taylor, CPA  
Auditor of State

Village Council  
Village of New Lebanon  
198 South Clayton Road  
New Lebanon, Ohio 45345

We have reviewed the *Independent Accountants' Report* of the Village of New Lebanon, Montgomery County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2005 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

December 6, 2007

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VILLAGE OF NEW LEBANON  
MONTGOMERY COUNTY

TABLE OF CONTENTS

Title	Page
Independent Accountants' Report	1
Management Discussion and Analysis	4
<b>Basic Financial Statements for Year Ended December 31, 2006:</b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Assets - Modified Cash Basis	14
Statement of Activities - Modified Cash Basis	15
<b>Fund Financial Statements for Ended December 31, 2006:</b>	
<b>Governmental Funds</b>	
Statement of Modified Cash Basis Assets and Fund Balances - Governmental Funds	16
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances Governmental Funds	17
Statement of Receipts, Disbursements and Changes in Fund Cash Balances - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	18
Statement of Receipts, Disbursements and Changes in Fund Cash Balances - Budget and Actual (Non-GAAP Budgetary Basis) - Fire Fund	19
Statement of Receipts, Disbursements and Changes in Fund Cash Balances - Budget and Actual (Non-GAAP Budgetary Basis) - Income Tax Fund	20
Statement of Receipts, Disbursements and Changes in Fund Cash Balances - Budget and Actual (Non-GAAP Budgetary Basis) - Police Fund	21
Statement of Receipts, Disbursements and Changes in Fund Cash Balances - Budget and Actual (Non-GAAP Budgetary Basis) - Capital Improvement Fund	22
Statement of Fund Net Assets - Modified Cash Basis - Proprietary Funds	23
Statement of Cash Receipts, Disbursements and Changes in Fund Net Assets - Modified Cash Basis - Proprietary Funds	24

VILLAGE OF NEW LEBANON  
MONTGOMERY COUNTY

TABLE OF CONTENTS

Title	Page
<b>Basic Financial Statements for Year Ended December 31, 2005:</b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Assets - Modified Cash Basis	25
Statement of Activities - Modified Cash Basis	26
<b>Fund Financial Statements for Ended December 31, 2005:</b>	
<b>Governmental Funds</b>	
Statement of Modified Cash Basis Assets and Fund Balances - Governmental Funds	27
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances Governmental Funds	28
Statement of Receipts, Disbursements and Changes in Fund Cash Balances - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	29
Statement of Receipts, Disbursements and Changes in Fund Cash Balances - Budget and Actual (Non-GAAP Budgetary Basis) - Fire Fund	30
Statement of Receipts, Disbursements and Changes in Fund Cash Balances - Budget and Actual (Non-GAAP Budgetary Basis) - Income Tax Fund	31
Statement of Receipts, Disbursements and Changes in Fund Cash Balances - Budget and Actual (Non-GAAP Budgetary Basis) - Police Fund	32
Statement of Receipts, Disbursements and Changes in Fund Cash Balances - Budget and Actual (Non-GAAP Budgetary Basis) - Capital Improvement Fund	33
Statement of Fund Net Assets - Modified Cash Basis - Proprietary Funds	34
Statement of Cash Receipts, Disbursements and Changes in Fund Net Assets - Modified Cash Basis - Proprietary Funds	35
Notes to the Financial Statements	36
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	52



**MANNING & ASSOCIATES CPAs, LLC  
6105 NORTH DIXIE DRIVE  
DAYTON, OHIO 45414**

**INDEPENDENT ACCOUNTANTS' REPORT**

Mayor and Members of Council  
Village of New Lebanon  
198 S. Clayton Road  
New Lebanon, Ohio 45345

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of New Lebanon, Montgomery County, Ohio (the Village), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the Village has prepared these financial statements and notes using the modified cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of New Lebanon, Montgomery County, as of December 31, 2006 and 2005, and the respective changes in financial position modified cash basis and the respective budgetary comparison for the General Fund, Fire Fund, Income Tax Fund, Police Fund and Capital Improvement Fund thereof for the years ended December 31, 2006 and 2005 in conformity with the basis of accounting Note 2 describes.

For the years ended December 31, 2006 and 2005, the Village revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. See Note 3, Change in Basis of Accounting and Restatement of Fund Equity.

Village of New Lebanon  
Montgomery County  
Independent Accountants' Report  
Page 2

In accordance with *Government Auditing Standards*, we have also issued a report dated April 30, 2007, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basis financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Manning & Associates CPAs, LLC  
Dayton, Ohio

April 30, 2007

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Village of New Lebanon, Montgomery County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006 and 2005  
Unaudited

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This discussion and analysis of the Village of New Lebanon's financial performance provides an overall review of the Villages financial activities for the year ended December 31, 2006 and 2005, within the limitations of the Village's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

**Highlights**

Key highlights for 2006 are as follows:

- Net assets of governmental activities increased \$43,795, or 2.6 percent. The fund most affected by the increase in cash and cash equivalents was the General Fund however, increases affected most funds. A decrease was noted in other governmental funds arising from capital projects.
- The Government's general receipts are primarily property and income taxes. These receipts represent \$1,354,434 or 28.9% percent of the total cash received for governmental activities during the year.
- The income tax collections were down \$51,198 or 6.7 percent from calendar year 2005 due to the completion of the school buildings construction and General Motors/Delphi buying out some of their employees.
- The Village completed the Sawmill Lane Construction Project through a Community Development Block Grant. CDBG funds used were \$329,765 with the Village share being \$72,282.
- Phase VII of the Sanitary Sewer Rehabilitation Project was completed through an Issue II Grant, with Issue II paying \$114,445 and the Village portion being \$12,716. The Lawson Avenue Storm Sewer Replacement Project was completed through an Issue II Grant. The Issue II paid \$259,556 of the costs and New Lebanon's share was \$259,556 with the Village obtaining a \$250,000 general obligation note to fund the Village portion.

Key highlights for 2005 are as follows:

- Net assets of governmental activities increased \$377,394, or 29 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund however, increases affected most funds.
- The Government's general receipts are primarily property and income taxes. These receipts represent \$1,415,463 or 29% percent of the total cash received for governmental activities during the year. Property and income tax receipts for 2005 have increased compared to 2004 as a result of an Amnesty Program.

Village of New Lebanon, Montgomery County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006 and 2005  
Unaudited

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**Highlights**

- The income tax collections were down \$73,403 or 8.73% from calendar year 2004 due to the school buildings construction nearing completion.
- The Village began the Sawmill Lane Construction Project through a Community Development Block Grant. Phase VI of the Sanitary Sewer Rehabilitation Project was completed through an Issue II Grant, with Issue II paying \$180,532 and the Village portion being \$21,105. The Main Street Water Main Replacement Phase II was completed through an Issue II Grant, with Issue II paying \$411,702 and the Village portion being \$45,745.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's modified cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements using the modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Village of New Lebanon, Montgomery County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006 and 2005  
Unaudited

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**Reporting the Government as a Whole**

The statement of net assets and the statement of activities reflect how the Village did financially during 2006 and 2005, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well, such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

*Governmental Activities* - Most of the Village's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

*Business-Type Activities* - The Village has three business-type activities, the provision of water and sewer and trash hauling. Business-type activities are financed by a fee charged to the customers receiving the services.

Village of New Lebanon, Montgomery County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006 and 2005  
Unaudited

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**Reporting the Village's Most Significant Funds**

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities, and to help demonstrate that money that is restricted as to how it may be used, is being spent for the intended purpose. Village funds are split into two categories: governmental and proprietary.

**Governmental Funds**

Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column.

The Village's major governmental funds for 2006 and 2005 are General Fund, Fire Fund, Income Tax Fund, Police Fund and Capital Improvement Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

**Proprietary Funds**

When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has two major enterprise funds, the Water Fund and the Sewer Fund. When the services are provided to other departments of the Village, the service is reported as an internal service fund. The Village does not have any internal service funds.

Village of New Lebanon, Montgomery County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006 and 2005  
Unaudited

**The Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2006 compared to 2005 on a modified cash basis.

Table 1  
Net Assets

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
<b>Assets</b>						
Cash & Cash Equivalents	\$ 1,670,572	1,714,367	\$ 729,525	758,680	\$ 2,400,097	2,473,047
<b>Total Assets</b>	<b>1,670,572</b>	<b>1,714,367</b>	<b>729,525</b>	<b>758,680</b>	<b>2,400,097</b>	<b>2,473,047</b>
<b>Restricted Net Assets</b>						
Funds Limited to Court Operation	44,459	68,268	0	0	44,459	68,268
Police Operation	5,407	2,537	0	0	5,407	2,537
<b>Total Restricted Net Assets</b>	<b>49,866</b>	<b>70,805</b>	<b>0</b>	<b>0</b>	<b>49,866</b>	<b>70,805</b>
<b>Unrestricted Net Assets</b>						
Unrestricted Net Assets	1,620,706	1,643,562	729,525	758,680	2,350,231	2,402,242
<b>Total Unrestricted Net Assets</b>	<b>1,620,706</b>	<b>1,643,562</b>	<b>729,525</b>	<b>758,680</b>	<b>2,350,231</b>	<b>2,402,242</b>
	<b>\$ 1,670,572</b>	<b>1,714,367</b>	<b>\$ 729,525</b>	<b>758,680</b>	<b>\$ 2,400,097</b>	<b>2,473,047</b>

As mentioned previously, net assets of governmental activities decreased by \$43,795 or 2.6 percent during 2006. The primary reasons contributing to the decreases in cash balances are as follows:

- The construction of the school buildings and General Motors/Delphi buying out some of their employees and the slowing of the economy.

The business-type activities net assets decreased by \$29,155 or 3.8 percent due to repairs made to the sewer plant and the extension of a sewer line.

Village of New Lebanon, Montgomery County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006 and 2005  
Unaudited

Table 2 reflects the changes in net assets on a modified cash basis in 2006 and 2005:

Table 2  
Changes in Net Assets

	Governmental Activities		Business Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Receipts:						
Program Receipts						
Charges for Services	\$ 757,931	705,992	1,100,420	1,121,911	\$ 1,858,351	1,827,903
Operating Grants and Contributions	127,616	146,096			127,616	146,096
Capital Grants and Contributions	435,153	485,314		411,702	435,153	897,016
<i>Total Program Receipts</i>	<u>1,320,700</u>	<u>1,337,402</u>	<u>1,100,420</u>	<u>1,533,613</u>	<u>2,421,120</u>	<u>2,871,015</u>
General Receipts:						
Municipal Income Taxes	\$ 716,104	767,296			\$ 716,104	767,296
Property and Other Local Taxes	638,330	648,167			638,330	648,167
Grants and Entitlements not Restricted	175,307	192,003			175,307	192,003
Special Assessments	47,142	81,718			47,142	81,718
Notes Issued	1,663,000	1,764,000	565,000	595,000	2,228,000	2,359,000
Fines, Licenses, and Permits	3,293	2,625			3,293	2,625
Sale of Fixed Assets	454	1,229			454	1,229
Interest	102,964	56,699			102,964	56,699
Miscellaneous	10,394	15,604	2,570	5,531	12,964	21,135
<i>Total General Receipts</i>	<u>3,356,988</u>	<u>3,529,341</u>	<u>567,570</u>	<u>600,531</u>	<u>3,924,558</u>	<u>4,129,872</u>
<i>Total Receipts</i>	<u>\$ 4,677,688</u>	<u>4,866,743</u>	<u>1,667,990</u>	<u>2,134,144</u>	<u>\$ 6,345,678</u>	<u>7,000,887</u>
Disbursements:						
Current:						
General Government	438,940	350,274			438,940	350,274
Personal Services			330,733	313,372	330,733	313,372
Security of Persons and Property	1,203,470	1,157,122			1,203,470	1,157,122
Fringe Benefits			34,769	39,634	34,769	39,634
Public Health Services	2,789				2,789	0
Contractual Services			446,445	407,634	446,445	407,634
Leisure Time Activities	95,288	59,802			95,288	59,802
Materials and Supplies			66,928	49,895	66,928	49,895
Community Environment	33,866	33,294			33,866	33,294
Other			93	510	93	510
Basic Utility Services	123,255				123,255	0
Transportation	125,337	126,394	1,101	2,299	126,438	128,693
Capital Outlay	827,986	557,879	45,389	478,711	873,375	1,036,590
Debt Service:						
Interest and Fiscal Charges	103,244	95,618	45,776	27,983	149,020	123,601
<i>Total Disbursements</i>	<u>2,954,175</u>	<u>2,380,383</u>	<u>971,234</u>	<u>1,320,038</u>	<u>3,925,409</u>	<u>3,700,421</u>
<i>Increase (Decrease) in Net Assets</i>	1,723,513	2,486,360	696,756	814,106	2,420,269	3,300,466
<i>Fund Balances, Beginning of Year</i>	<u>1,714,367</u>	<u>1,336,973</u>	<u>758,680</u>	<u>617,078</u>	<u>2,473,047</u>	<u>1,954,051</u>
<i>Fund Balances, End of Year</i>	<u>\$ 3,437,880</u>	<u>3,823,333</u>	<u>1,455,436</u>	<u>1,431,184</u>	<u>\$ 4,893,316</u>	<u>5,254,517</u>

Village of New Lebanon, Montgomery County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006 and 2005  
Unaudited

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**Governmental Activities Receipts**

Program receipts in the governmental activities represent 28 percent and 27 percent of total receipts for 2006 and 2005, respectively. They are primarily comprised of intergovernmental receipts such as motor vehicle license, gas tax money, and permissive tax.

General receipts in the governmental activities represent 72 percent and 73 percent of the Village's total receipts for 2006 and 2005, respectively. Local taxes represent 40 percent and 40 percent of the general receipts. Grants and entitlements and loan proceeds make up the significant balance of the general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These also include the costs of legislative, administrative, finance, payroll, purchasing, personnel, law, engineering, economic development, zoning and income tax, which do not represent direct services to residents.

Security of Persons and Property are the costs of police and fire protection and emergency medical services; Leisure Time Activities are the costs of maintaining the parks and playing fields; economic development promotes the Village to industry and commerce as well as working with other governments in the area to attract new business; and Transportation is the cost of maintaining the roads.

**Business Type Receipts**

In the business type activities program receipts account for 66 percent and 72 percent of the total receipts. These receipts are comprised of charges for services, i.e. water and sewer charges, ambulatory billings, and capital grant contributions.

General receipts in the business type activities represent 34 percent and 28 percent of the Village's total business type receipts for 2006 and 2005, respectively. Loan proceeds make up the majority of general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

**Government Activities**

If you look at the Statement of Activities on page 15 and 26, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for transportation and security of persons and property and debt services. General government also represents a significant cost. The next three columns of the statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net receipt (disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Village of New Lebanon, Montgomery County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006 and 2005  
Unaudited

Table 3  
**Governmental Activities**

	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
General Government	\$ 438,940	\$ 178,108	\$ 350,274	\$ 2,304
Security Persons/Property	1,203,470	761,099	1,157,122	789,073
Public Health Services	2,789	2,789	0	0
Leisure Time Activities	95,288	95,288	59,802	59,802
Community Environment	33,866	30,263	33,294	28,268
Basic Utility Services	123,255	60,978	0	0
Capital Outlay	827,986	403,985	557,879	93,285
Transportation	125,337	(2,279)	126,394	(25,369)
Redemption of Principal	1,767,308	1,767,308	2,108,966	2,108,966
Interest and Fiscal Charges	103,244	103,244	95,618	95,618
<b>Total Expenses</b>	<b>\$ 4,721,483</b>	<b>\$ 3,400,783</b>	<b>\$ 4,489,349</b>	<b>\$ 3,151,947</b>

The dependence upon property and income tax receipts is apparent as over 72% of governmental activities are supported through these general receipts.

The dependence upon property and income tax receipts is apparent as over 70% of governmental activities are supported through these general receipts.

Village of New Lebanon, Montgomery County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006 and 2005  
Unaudited

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**The Village's Funds**

**Governmental Funds**

For 2006, total governmental funds had receipts of \$4,677,688 and disbursements of \$4,721,483. The greatest change within governmental funds occurred within the General Fund and Other Governmental Funds. The fund balance of the General Fund increased by \$126,527 over 2005.

General Fund receipts were more than disbursements by \$126,527, which can be attributed to less funds being transferred to the Police Fund.

For 2005, total governmental funds had receipts of \$4,866,743 and disbursements of \$4,489,349. The greatest change within governmental funds occurred within the General Fund and Other Governmental Funds. The fund balance of the General Fund increased by \$101,455.

General Fund receipts were more than disbursements by \$101,455, which can be attributed to less funds being transferred to the Police Fund.

**Business Type Funds**

Charges for services are the primary source of revenue for the Village's water and sewer plant operations. Water rates charged to New Lebanon residential and commercial accounts are increased each year. 2006 water consumer sales revenue decreased by \$14,403 compared to the year 2005. Sewer rates have remained at the same level since 2003. 2006 sewer consumer sales revenue decreased by \$163 compared to the year 2005. Consumer sales revenue for the water and sewer fund can be attributed to the number of repossessed vacant homes in the Village. Trash rates remain relatively consistent and are set by the carrier with the Village councils' approval.

In 2006, business type funds had receipts of \$1,667,990 and disbursements of \$1,697,145.

In 2005, business type funds had receipts of \$2,134,144 and disbursements of \$1,992,542.

Village of New Lebanon, Montgomery County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006 and 2005  
Unaudited

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**General Fund Budgeting Highlights**

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted funds are the General Fund, Fire Fund, Income Tax Fund, Police Fund, and Capital Improvement Fund.

During 2006, the Village amended its budgets one time to reflect changing circumstances. Final budgeted receipts were below original budgeted receipts due to unexpected slow growth in income tax receipts and not receiving grant awards. The difference between final budgeted receipts and actual receipts was not significant. Final General Fund disbursements were budgeted at \$1,631,643; \$1,019,799 for the Fire Fund; \$720,030 for the Income Tax Fund; \$769,058 for the Police Fund; \$703,308 for the Capital Improvement Fund, while actual disbursements were \$1,461,606, \$957,465, \$720,030, \$769,580, and \$703,308, respectively. The Village kept spending very close to budgeted amounts.

During 2005, the Village amended its budgets one time to reflect changing circumstances. Final budgeted receipts were below original budgeted receipts due to unexpected slow growth in income tax receipts and not receiving grant awards. The difference between final budgeted receipts and actual receipts was not significant. Final General Fund disbursements were budgeted at \$1,455,943; \$940,749 for the Fire Fund; \$772,210 for the Income Tax Fund; \$685,601 for the Police Fund; \$954,606 for the Capital Improvement Fund, while actual disbursements were \$1,272,615, \$900,497, \$772,210, \$686,257, and \$954,606, respectively. The Village kept spending very close to budgeted amounts.

**Debt Administration**

**Debt**

At December 31, 2006 the Village's outstanding debt was \$4,108,206, which included \$1,340,000 debt on the Area One Court Building and \$1,073,030 on the sewer plant improvements mandated by EPA and \$565,000 for various water projects.

**Current Issues**

The challenge to the Village is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The Village relies heavily on local taxes and has very little industry to support the tax base.

**Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to E. Karen Grimmatt, Director of Finance & Records, Village of New Lebanon, 198 South Clayton Road, New Lebanon, Ohio 45345.

Village of New Lebanon, Montgomery County  
Statement of Net Assets - Modified Cash Basis  
December 31, 2006

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	<u>1,670,572</u>	<u>729,525</u>	<u>2,400,097</u>
<i>Total Assets</i>	<u><u>1,670,572</u></u>	<u><u>729,525</u></u>	<u><u>2,400,097</u></u>
<b>Net Assets</b>			
Restricted for:			
Other Purposes	49,866	0	49,866
Unrestricted	<u>1,620,706</u>	<u>729,525</u>	<u>2,350,231</u>
<i>Total Net Assets</i>	<u><u>1,670,572</u></u>	<u><u>729,525</u></u>	<u><u>2,400,097</u></u>

See accompanying notes to the basic financial statements

Village of New Lebanon, Montgomery County  
Statement of Activities - Modified Cash Basis  
For the Year Ended December 31, 2006

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General Government	438,940	260,832			(178,108)		(178,108)
Security of Persons and Property	1,203,470	431,219		11,152	(761,099)		(761,099)
Public Health Services	2,789				(2,789)		(2,789)
Leisure Time Activities	95,288				(95,288)		(95,288)
Community Environment	33,866	3,603			(30,263)		(30,263)
Basic Utility Services	123,255	62,277			(60,978)		(60,978)
Capital Outlay	827,986			424,001	(403,985)		(403,985)
Transportation	125,337		127,616		2,279		2,279
Redemption of Principal	1,767,308				(1,767,308)		(1,767,308)
Interest and Fiscal Charges	103,244				(103,244)		(103,244)
<i>Total Governmental Activities</i>	4,721,483	757,931	127,616	435,153	(3,400,783)	0	(3,400,783)
<b>Business Type Activity</b>							
Water	979,876	441,922				(537,954)	(537,954)
Sewer	539,662	462,967				(76,695)	(76,695)
Other	177,607	195,531				17,924	17,924
<b>Total</b>	<u>6,418,628</u>	<u>1,858,351</u>	<u>127,616</u>	<u>435,153</u>	<u>(3,400,783)</u>	<u>(596,725)</u>	<u>(3,997,508)</u>
<b>General Receipts</b>							
Property Taxes Levied for:							
General Purposes					638,330		638,330
Municipal Income Taxes					716,104		716,104
Grants and Entitlements not Restricted to Specific Programs					175,307		175,307
Special Assessments					47,142		47,142
Notes Issued					1,663,000	565,000	2,228,000
Fines, Licenses and Permits					3,293		3,293
Sale of Capital Assets					454		454
Interest					102,964		102,964
Miscellaneous					10,394	2,570	12,964
<i>Total General Receipts</i>					<u>3,356,988</u>	<u>567,570</u>	<u>3,924,558</u>
Change in Net Assets					(43,795)	(29,155)	(72,950)
<i>Net Assets Beginning of Year</i>					<u>1,714,367</u>	<u>758,680</u>	<u>2,473,047</u>
<i>Net Assets End of Year</i>					<u>1,670,572</u>	<u>729,525</u>	<u>2,400,097</u>

See accompanying notes to the basic financial statements

Village of New Lebanon, Montgomery County  
Statement of Modified Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2006

	<u>General</u>	<u>Fire Fund</u>	<u>Income Tax Fund</u>	<u>Police Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	911,640	246,242	1,940	12,266	0	498,484	1,670,572
<i>Total Assets</i>	<u>911,640</u>	<u>246,242</u>	<u>1,940</u>	<u>12,266</u>	<u>0</u>	<u>498,484</u>	<u>1,670,572</u>
<b>Fund Balances</b>							
Reserved:							
Reserved for Encumbrances	6,097	8,110	1,940	12,266	0	12,817	41,230
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	905,543	0	0	0	0	0	905,543
Special Revenue Funds	0	238,132	0	0	0	260,220	498,352
Debt Service Fund	0	0	0	0	0	165,086	165,086
Capital Projects Funds	0	0	0	0	0	60,361	60,361
<i>Total Fund Balances</i>	<u>911,640</u>	<u>246,242</u>	<u>1,940</u>	<u>12,266</u>	<u>0</u>	<u>498,484</u>	<u>1,670,572</u>

See accompanying notes to the basic financial statements

Village of New Lebanon, Montgomery County  
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2006

	General	Fire Fund	Income Tax Fund	Police Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>							
Municipal Income Taxes	\$0	\$0	\$716,104	\$0	\$0	\$0	\$716,104
Property and Other Local Taxes	77,889	194,366	0	366,075	0	0	638,330
Special Assessments	0	0	0	0	0	109,419	109,419
Charges for Services	44,060	429,022	0	2,197	0	216,772	692,051
Fines, Licenses and Permits	3,603	0	0	0	0	3,293	6,896
Intergovernmental	134,456	6,912	0	8,479	0	588,229	738,076
Interest	93,893	0	0	0	0	9,071	102,964
Miscellaneous	2,044	2,360	524	3,706	0	1,760	10,394
<i>Total Receipts</i>	<u>355,945</u>	<u>632,660</u>	<u>716,628</u>	<u>380,457</u>	<u>0</u>	<u>928,544</u>	<u>3,014,234</u>
<b>Disbursements</b>							
Current:							
General Government	171,185	2,484	129,710	4,726	0	130,835	438,940
Security of Persons and Property	0	507,218	0	696,252	0	0	1,203,470
Public Health Services	0	0	0	0	0	2,789	2,789
Leisure Time Activities	93,124	0	0	0	0	2,164	95,288
Community Environment	33,866	0	0	0	0	0	33,866
Basic Utility Services	0	0	0	0	0	123,255	123,255
Transportation	0	0	0	0	0	125,337	125,337
Capital Outlay	276,401	61,011	0	30,814	0	459,760	827,986
Debt Service:	0	0	0	0	0	0	0
Principal Retirement	464,000	368,000	0	25,000	703,308	207,000	1,767,308
Interest and Fiscal Charges	20,619	10,642	0	0	0	71,983	103,244
<i>Total Disbursements</i>	<u>1,059,195</u>	<u>949,355</u>	<u>129,710</u>	<u>756,792</u>	<u>703,308</u>	<u>1,123,123</u>	<u>4,721,483</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(703,250)</u>	<u>(316,695)</u>	<u>586,918</u>	<u>(376,335)</u>	<u>(703,308)</u>	<u>(194,579)</u>	<u>(1,707,249)</u>
<b>Other Financing Sources (Uses)</b>							
Notes Issued	710,000	328,000	0	0	550,000	75,000	1,663,000
Sale of Capital Assets	454	0	0	0	0	0	454
Transfers In	515,637	0	0	371,314	147,095	25,000	1,059,046
Transfers Out	(396,314)	0	(588,380)	0	0	(74,352)	(1,059,046)
<i>Total Other Financing Sources (Uses)</i>	<u>829,777</u>	<u>328,000</u>	<u>(588,380)</u>	<u>371,314</u>	<u>697,095</u>	<u>25,648</u>	<u>1,663,454</u>
<i>Net Change in Fund Balances</i>	126,527	11,305	(1,462)	(5,021)	(6,213)	(168,931)	(43,795)
<i>Fund Balances Beginning of Year</i>	<u>785,113</u>	<u>234,937</u>	<u>3,402</u>	<u>17,287</u>	<u>6,213</u>	<u>667,415</u>	<u>1,714,367</u>
<i>Fund Balances End of Year</i>	<u>\$911,640</u>	<u>\$246,242</u>	<u>\$1,940</u>	<u>\$12,266</u>	<u>\$0</u>	<u>\$498,484</u>	<u>\$1,670,572</u>

See accompanying notes to the basic financial statements

Village of New Lebanon, Montgomery County  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
General Fund  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	71,676	77,889	77,889	0
Charges for Services	38,700	44,060	44,060	0
Fines, Licenses and Permits	3,175	3,603	3,603	0
Intergovernmental	130,513	134,038	134,456	418
Interest	20,000	93,893	93,893	0
Miscellaneous	0	2,044	2,044	0
<i>Total receipts</i>	<u>264,064</u>	<u>355,527</u>	<u>355,945</u>	<u>418</u>
<b>Disbursements</b>				
Current:				
General Government	226,836	209,052	177,282	31,770
Leisure Time Activities	89,115	102,971	93,124	9,847
Community Environment	0	33,866	33,866	0
Capital Outlay	63,500	312,900	276,401	36,499
Debt Service:				
Principal Retirement	57,410	464,000	464,000	0
Interest and Fiscal Charges	0	20,710	20,619	91
<i>Total Disbursements</i>	<u>436,861</u>	<u>1,143,499</u>	<u>1,065,292</u>	<u>78,207</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(172,797)</u>	<u>(787,972)</u>	<u>(709,347)</u>	<u>78,625</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	0	454	454	0
Notes Issued	0	710,000	710,000	0
Transfers In	484,340	515,637	515,637	0
Transfers Out	(583,988)	(488,144)	(396,314)	91,830
<i>Total Other Financing Sources (Uses)</i>	<u>(99,648)</u>	<u>737,947</u>	<u>829,777</u>	<u>91,830</u>
<i>Net Change in Fund Balance</i>	(272,445)	(50,025)	120,430	170,455
<i>Fund Balance Beginning of Year</i>	772,754	772,754	772,754	0
Prior Year Encumbrances Appropriated	<u>12,359</u>	<u>12,359</u>	<u>12,359</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>512,668</u></u>	<u><u>735,088</u></u>	<u><u>905,543</u></u>	<u><u>170,455</u></u>

See accompanying notes to the basic financial statements

Village of New Lebanon, Montgomery County  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Fire Fund  
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	187,885	194,366	194,366	0
Charges for Services	408,159	429,022	429,022	0
Intergovernmental	0	5,518	6,912	1,394
Miscellaneous	0	2,360	2,360	0
<i>Total receipts</i>	596,044	631,266	632,660	1,394
<b>Disbursements</b>				
Current:				
General Government	3,200	2,500	2,484	16
Security of Persons and Property	573,887	575,179	515,328	59,851
Capital Outlay	63,300	63,300	61,011	2,289
Debt Service:				0
Principal Retirement	40,000	368,000	368,000	0
Interest and Fiscal Charges	10,820	10,820	10,642	178
<i>Total Disbursements</i>	691,207	1,019,799	957,465	62,334
<i>Excess of Receipts Over (Under) Disbursements</i>	(95,163)	(388,533)	(324,805)	63,728
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets				0
Notes Issued	0	328,000	328,000	0
<i>Total Other Financing Sources (Uses)</i>	0	328,000	328,000	0
<i>Net Change in Fund Balance</i>	(95,163)	(60,533)	3,195	63,728
<i>Fund Balance Beginning of Year</i>	231,636	231,636	231,636	0
Prior Year Encumbrances Appropriated	3,301	3,301	3,301	0
<i>Fund Balance End of Year</i>	139,774	174,404	238,132	63,728

See accompanying notes to the basic financial statements

Village of New Lebanon, Montgomery County  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Income Tax Fund  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
<b>Receipts</b>				
Municipal Income Taxes	779,104	716,104	716,104	0
Miscellaneous	0	524	524	0
<i>Total receipts</i>	<u>779,104</u>	<u>716,628</u>	<u>716,628</u>	<u>0</u>
<b>Disbursements</b>				
Current:				
General Government	135,984	131,650	131,650	0
<i>Total Disbursements</i>	<u>135,984</u>	<u>131,650</u>	<u>131,650</u>	<u>0</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>643,120</u>	<u>584,978</u>	<u>584,978</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(643,120)	(588,380)	(588,380)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(643,120)</u>	<u>(588,380)</u>	<u>(588,380)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	(3,402)	(3,402)	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>3,402</u>	<u>3,402</u>	<u>3,402</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>3,402</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

See accompanying notes to the basic financial statements

Village of New Lebanon, Montgomery County  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Police Fund  
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Municipal Income Taxes				0
Property and Other Local Taxes	353,422	366,075	366,075	0
Charges for Services		2,197	2,197	0
Intergovernmental		8,479	8,479	0
Miscellaneous		3,706	3,706	0
<i>Total receipts</i>	353,422	380,457	380,457	0
<b>Disbursements</b>				
Current:				
General Government	5,000	4,800	4,800	0
Security of Persons and Property	751,003	705,428	705,428	0
Capital Outlay	35,563	33,830	33,830	0
Debt Service:				
Principal Retirement	25,000	25,000	25,000	0
Interest and Fiscal Charges				0
<i>Total Disbursements</i>	816,566	769,058	769,058	0
<i>Excess of Receipts Over (Under) Disbursements</i>	(463,144)	(388,601)	(388,601)	0
<b>Other Financing Sources (Uses)</b>				
Transfers In	463,144	371,314	371,314	0
<i>Total Other Financing Sources (Uses)</i>	463,144	371,314	371,314	0
<i>Net Change in Fund Balance</i>	0	(17,287)	(17,287)	0
<i>Fund Balance Beginning of Year</i>	6,048	6,048	6,048	0
Prior Year Encumbrances Appropriated	11,239	11,239	11,239	0
<i>Fund Balance End of Year</i>	17,287	0	0	0

See accompanying notes to the basic financial statements

Village of New Lebanon, Montgomery County  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Capital Improvement Fund  
For the Year Ended December 31, 2006

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Municipal Income Taxes	0	0	0	0
Property and Other Local Taxes	0	0	0	0
Special Assessments	0	0	0	0
Charges for Services	0	0	0	0
Fines, Licenses and Permits	0	0	0	0
Intergovernmental	0	0	0	0
Interest	0	0	0	0
Miscellaneous	0	0	0	0
<i>Total receipts</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Disbursements</b>				
Current:				
Debt Service:				
Principal Retirement	700,000	703,308	703,308	0
Interest and Fiscal Charges	0	0	0	0
<i>Total Disbursements</i>	<u>700,000</u>	<u>703,308</u>	<u>703,308</u>	<u>0</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(700,000)</u>	<u>(703,308)</u>	<u>(703,308)</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>				
Notes Issued	550,000	550,000	550,000	0
Transfers In	145,000	147,095	147,095	0
<i>Total Other Financing Sources (Uses)</i>	<u>695,000</u>	<u>697,095</u>	<u>697,095</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(5,000)	(6,213)	(6,213)	0
<i>Fund Balance Beginning of Year</i>	6,213	6,213	6,213	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>1,213</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

See accompanying notes to the basic financial statements

Village of New Lebanon, Montgomery County  
Statement of Fund Net Assets - Modified Cash Basis  
Proprietary Funds  
December 31, 2006

	Business-Type Activities			Total Enterprise Funds
	Water Enterprise Fund	Sewer Enterprise Fund	Other Enterprise Fund	
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	306,224	390,514	32,787	729,525
<i>Total Assets</i>	<u>306,224</u>	<u>390,514</u>	<u>32,787</u>	<u>729,525</u>
<b>Net Assets</b>				
Unrestricted	<u>306,224</u>	<u>390,514</u>	<u>32,787</u>	<u>729,525</u>

See accompanying notes to the basic financial statements

Village of New Lebanon, Montgomery County  
Statement of Cash Receipts,  
Disbursements and Changes in Fund Net Assets - Modified Cash Basis  
Proprietary Funds  
For the Year Ended December 31, 2006

	Business-Type Activities			Total Enterprise Funds
	Water Enterprise Fund	Sewer Enterprise Fund	Other Enterprise Fund	
<b>Operating Receipts</b>				
Charges for Services	436,502	461,167	195,531	1,093,200
Other Operating Receipts	5,420	1,800	0	7,220
<i>Total Operating Receipts</i>	<u>441,922</u>	<u>462,967</u>	<u>195,531</u>	<u>1,100,420</u>
<b>Operating Disbursements</b>				
Personal Services	166,068	164,665	0	330,733
Fringe Benefits	17,482	17,287	0	34,769
Transportation	528	573	0	1,101
Contractual Services	125,630	143,224	177,591	446,445
Materials and Supplies	28,359	38,569	0	66,928
Other	43	34	16	93
Capital Outlay	26,594	18,795	0	45,389
<i>Total Operating Disbursements</i>	<u>364,704</u>	<u>383,147</u>	<u>177,607</u>	<u>925,458</u>
<i>Operating Income (Loss)</i>	77,218	79,820	17,924	174,962
<b>Non-Operating Receipts/(Disbursements)</b>				
Sale of Notes	565,000	0	0	565,000
Reduction of Principal	(595,000)	(143,736)	0	(738,736)
Interest and Fiscal Charges	(20,172)	(12,779)	0	(32,951)
Other Financing Uses	1,297	1,273	0	2,570
<i>Total Non-Operating Receipts/(Disbursements)</i>	<u>(48,875)</u>	<u>(155,242)</u>	<u>0</u>	<u>(204,117)</u>
<i>Change in Net Assets</i>	28,343	(75,422)	17,924	(29,155)
<i>Net Assets Beginning of Year</i>	<u>277,881</u>	<u>465,936</u>	<u>14,863</u>	<u>758,680</u>
<i>Net Assets End of Year</i>	<u><u>306,224</u></u>	<u><u>390,514</u></u>	<u><u>32,787</u></u>	<u><u>729,525</u></u>

See accompanying notes to the basic financial statements

Village of New Lebanon, Montgomery County  
Statement of Net Assets - Modified Cash Basis  
December 31, 2005

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	1,714,367	758,680	2,473,047
<i>Total Assets</i>	<u>1,714,367</u>	<u>758,680</u>	<u>2,473,047</u>
 <b>Net Assets</b>			
Restricted for:			
Other Purposes	70,805	0	70,805
Unrestricted	1,643,562	758,680	2,402,242
<i>Total Net Assets</i>	<u>1,714,367</u>	<u>758,680</u>	<u>2,473,047</u>

See accompanying notes to the basic financial statements

Village of New Lebanon, Montgomery County  
Statement of Activities - Modified Cash Basis  
For the Year Ended December 31, 2005

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General Government	350,274	344,167		3,803	(2,304)		(2,304)
Security of Persons and Property	1,157,122	356,799		11,250	(789,073)		(789,073)
Leisure Time Activities	59,802				(59,802)		(59,802)
Community Environment	33,294	5,026			(28,268)		(28,268)
Capital Outlay	557,879			464,594	(93,285)		(93,285)
Transportation	126,394		146,096	5,667	25,369		25,369
Redemption of Principal	2,108,966				(2,108,966)		(2,108,966)
Interest and Fiscal Charges	95,618				(95,618)		(95,618)
<i>Total Governmental Activities</i>	4,489,349	705,992	146,096	485,314	(3,151,947)	0	(3,151,947)
<b>Business Type Activity</b>							
Water	1,401,620	445,767		411,702		(544,151)	(544,151)
Sewer	398,561	480,963				82,402	82,402
Other	192,361	195,181				2,820	2,820
<b>Total</b>	<u>6,481,891</u>	<u>1,827,903</u>	<u>146,096</u>	<u>897,016</u>	<u>(3,151,947)</u>	<u>(458,929)</u>	<u>(3,610,876)</u>
<b>General Receipts</b>							
Property Taxes Levied for:							
					648,167		648,167
					767,296		767,296
					192,003		192,003
					81,718		81,718
					1,764,000	595,000	2,359,000
					2,625		2,625
					1,229		1,229
					56,699		56,699
					15,604	5,531	21,135
<i>Total General Receipts</i>					3,529,341	600,531	4,129,872
Change in Net Assets					377,394	141,602	518,996
<i>Net Assets Beginning of Year</i>					<u>1,336,973</u>	<u>617,078</u>	<u>1,954,051</u>
<i>Net Assets End of Year</i>					<u>1,714,367</u>	<u>758,680</u>	<u>2,473,047</u>

See accompanying notes to the basic financial statements

Village of New Lebanon, Montgomery County  
Statement of Modified Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2005

	<u>General</u>	<u>Fire Fund</u>	<u>Income Tax Fund</u>	<u>Police Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	785,113	234,937	3,402	17,287	6,213	667,415	1,714,367
<i>Total Assets</i>	<u>785,113</u>	<u>234,937</u>	<u>3,402</u>	<u>17,287</u>	<u>6,213</u>	<u>667,415</u>	<u>1,714,367</u>
<b>Fund Balances</b>							
Reserved:							
Reserved for Encumbrances	12,359	3,301	3,402	11,239	0	309,033	339,334
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	772,754						772,754
Special Revenue Funds		231,636	0	6,048		179,976	417,660
Debt Service Fund						156,396	156,396
Capital Projects Funds					6,213	22,010	28,223
<i>Total Fund Balances</i>	<u>785,113</u>	<u>234,937</u>	<u>3,402</u>	<u>17,287</u>	<u>6,213</u>	<u>667,415</u>	<u>1,714,367</u>

See accompanying notes to the basic financial statements

Village of New Lebanon, Montgomery County  
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2005

	General	Fire Fund	Income Tax Fund	Police Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>							
Municipal Income Taxes	\$0	\$0	\$767,296	\$0	\$0	\$0	\$767,296
Property and Other Local Taxes	75,818	172,357	0	324,609	0	75,383	648,167
Special Assessments	0	0	0	0	0	141,728	141,728
Charges for Services	49,028	356,799	0	14	0	235,115	640,956
Fines, Licenses and Permits	5,026	0	0	0	0	2,625	7,651
Intergovernmental	187,050	35,320	0	51,312	0	549,731	823,413
Interest	48,177	0	0	0	0	8,522	56,699
Miscellaneous	4,475	3,638	796	5,431	0	1,264	15,604
<i>Total Receipts</i>	<u>369,574</u>	<u>568,114</u>	<u>768,092</u>	<u>381,366</u>	<u>0</u>	<u>1,014,368</u>	<u>3,101,514</u>
<b>Disbursements</b>							
Current:							
General Government	176,540	0	114,264	0	0	59,470	350,274
Security of Persons and Property	0	491,853	0	618,333	0	46,936	1,157,122
Leisure Time Activities	59,802	0	0	0	0	0	59,802
Community Environment	33,294	0	0	0	0	0	33,294
Transportation	0	0	0	0	0	126,394	126,394
Capital Outlay	18,567	0	0	31,685	0	507,627	557,879
Debt Service:							
Principal Retirement	520,000	398,000	0	25,000	954,606	211,360	2,108,966
Interest and Fiscal Charges	11,196	7,343	0	0	0	77,079	95,618
<i>Total Disbursements</i>	<u>819,399</u>	<u>897,196</u>	<u>114,264</u>	<u>675,018</u>	<u>954,606</u>	<u>1,028,866</u>	<u>4,489,349</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(449,825)</u>	<u>(329,082)</u>	<u>653,828</u>	<u>(293,652)</u>	<u>(954,606)</u>	<u>(14,498)</u>	<u>(1,387,835)</u>
<b>Other Financing Sources (Uses)</b>							
Notes Issued	500,000	368,000	0	0	790,000	106,000	1,764,000
Sale of Capital Assets	1,229	0	0	0	0	0	1,229
Transfers In	490,908	0	0	304,235	163,636	136,622	1,095,401
Transfers Out	(440,857)	0	(654,544)	0	0	0	(1,095,401)
<i>Total Other Financing Sources (Uses)</i>	<u>551,280</u>	<u>368,000</u>	<u>(654,544)</u>	<u>304,235</u>	<u>953,636</u>	<u>242,622</u>	<u>1,765,229</u>
<i>Net Change in Fund Balances</i>	<u>101,455</u>	<u>38,918</u>	<u>(716)</u>	<u>10,583</u>	<u>(970)</u>	<u>228,124</u>	<u>377,394</u>
<i>Fund Balances Beginning of Year</i>	<u>683,658</u>	<u>196,019</u>	<u>4,118</u>	<u>6,704</u>	<u>7,183</u>	<u>439,291</u>	<u>1,336,973</u>
<i>Fund Balances End of Year</i>	<u>\$785,113</u>	<u>\$234,937</u>	<u>\$3,402</u>	<u>\$17,287</u>	<u>\$6,213</u>	<u>\$667,415</u>	<u>\$1,714,367</u>

See accompanying notes to the basic financial statements

Village of New Lebanon, Montgomery County  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
General Fund  
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	70,763	75,818	75,818	0
Charges for Services	38,700	49,028	49,028	0
Fines, Licenses and Permits	3,280	5,026	5,026	0
Intergovernmental	128,222	187,050	187,050	0
Interest	15,500	48,177	48,177	0
Miscellaneous		4,475	4,475	0
<i>Total receipts</i>	256,465	369,574	369,574	0
<b>Disbursements</b>				
Current:				
General Government	238,799	210,168	188,899	21,269
Leisure Time Activities	68,161	70,379	59,802	10,577
Community Environment		35,000	33,294	1,706
Capital Outlay	16,789	20,059	18,567	1,492
Debt Service:				
Principal Retirement	31,383	520,000	520,000	0
Interest and Fiscal Charges		11,383	11,196	187
<i>Total Disbursements</i>	355,132	866,989	831,758	35,231
<i>Excess of Receipts Over (Under) Disbursements</i>	(98,667)	(497,415)	(462,184)	35,231
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets		1,229	1,229	0
Notes Issued		500,000	500,000	0
Transfers In	477,320	490,908	490,908	0
Transfers Out	(589,004)	(589,004)	(440,857)	148,147
<i>Total Other Financing Sources (Uses)</i>	(111,684)	403,133	551,280	148,147
<i>Net Change in Fund Balance</i>	(210,351)	(94,282)	89,096	183,378
<i>Fund Balance Beginning of Year</i>	673,288	673,288	673,288	673,288
Prior Year Encumbrances Appropriated	10,370	10,370	10,370	10,370
<i>Fund Balance End of Year</i>	473,307	589,376	772,754	867,036

See accompanying notes to the basic financial statements

Village of New Lebanon, Montgomery County  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Fire Fund  
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	183,567	172,357	172,357	0
Charges for Services	272,136	356,799	356,799	0
Intergovernmental	3,420	35,320	35,320	0
Miscellaneous	0	3,638	3,638	0
<i>Total receipts</i>	459,123	568,114	568,114	0
<b>Disbursements</b>				
Current:				
Security of Persons and Property	539,247	535,406	495,154	40,252
Debt Service:				
Principal Retirement	398,000	398,000	398,000	0
Interest and Fiscal Charges	7,128	7,343	7,343	0
<i>Total Disbursements</i>	944,375	940,749	900,497	40,252
<i>Excess of Receipts Over (Under) Disbursements</i>	(485,252)	(372,635)	(332,383)	40,252
<b>Other Financing Sources (Uses)</b>				
Notes Issued	368,000	368,000	368,000	0
<i>Total Other Financing Sources (Uses)</i>	368,000	368,000	368,000	0
<i>Net Change in Fund Balance</i>	(117,252)	(4,635)	35,617	40,252
<i>Fund Balance Beginning of Year</i>	139,458	139,458	139,458	0
Prior Year Encumbrances Appropriated	56,561	56,561	56,561	0
<i>Fund Balance End of Year</i>	\$78,767	\$191,384	\$231,636	\$40,252

See accompanying notes to the basic financial statements

Village of New Lebanon, Montgomery County  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Income Tax Fund  
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Municipal Income Taxes	\$757,000	\$767,296	\$767,296	\$0
Miscellaneous	0	796	796	0
<i>Total receipts</i>	<u>757,000</u>	<u>768,092</u>	<u>768,092</u>	<u>0</u>
<b>Disbursements</b>				
Current:				
General Government	<u>128,692</u>	<u>117,666</u>	<u>117,666</u>	<u>0</u>
<i>Total Disbursements</i>	<u>128,692</u>	<u>117,666</u>	<u>117,666</u>	<u>0</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>628,308</u>	<u>650,426</u>	<u>650,426</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	<u>(632,426)</u>	<u>(654,544)</u>	<u>(654,544)</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(632,426)</u>	<u>(654,544)</u>	<u>(654,544)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(4,118)	(4,118)	(4,118)	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>4,118</u>	<u>4,118</u>	<u>4,118</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

Village of New Lebanon, Montgomery County  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Police Fund  
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	345,404	324,609	324,609	0
Charges for Services	0	14	14	0
Intergovernmental	6,290	51,312	51,312	0
Miscellaneous	0	5,431	5,431	0
<i>Total receipts</i>	<u>351,694</u>	<u>381,366</u>	<u>381,366</u>	<u>0</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	751,213	628,342	627,572	770
Capital Outlay	34,567	34,567	33,685	882
Debt Service:				
Principal Retirement	25,000	25,000	25,000	0
Interest and Fiscal Charges	0	0	0	0
<i>Total Disbursements</i>	<u>810,780</u>	<u>687,909</u>	<u>686,257</u>	<u>1,652</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(459,086)</u>	<u>(306,543)</u>	<u>(304,891)</u>	<u>1,652</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	452,382	304,235	304,235	0
<i>Total Other Financing Sources (Uses)</i>	<u>452,382</u>	<u>304,235</u>	<u>304,235</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(6,704)	(2,308)	(656)	1,652
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	6,704	6,704	6,704	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$4,396</u>	<u>\$6,048</u>	<u>\$1,652</u>

See accompanying notes to the basic financial statements

Village of New Lebanon, Montgomery County  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Capital Improvement Fund  
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Municipal Income Taxes	\$0	\$0	\$0	\$0
Property and Other Local Taxes	0	0	0	0
Special Assessments	0	0	0	0
Charges for Services	0	0	0	0
Fines, Licenses and Permits	0	0	0	0
Intergovernmental	0	0	0	0
Interest	0	0	0	0
Miscellaneous	0	0	0	0
<i>Total receipts</i>	0	0	0	0
<b>Disbursements</b>				
Current:				
Debt Service:				
Principal Retirement	955,000	954,606	954,606	0
Interest and Fiscal Charges	0	0	0	0
<i>Total Disbursements</i>	955,000	954,606	954,606	0
<i>Excess of Receipts Over (Under) Disbursements</i>	(955,000)	(954,606)	(954,606)	0
<b>Other Financing Sources (Uses)</b>				
Notes Issued	790,000	790,000	790,000	0
Transfers In	165,000	163,636	163,636	0
<i>Total Other Financing Sources (Uses)</i>	955,000	953,636	953,636	0
<i>Net Change in Fund Balance</i>	0	(970)	(970)	0
<i>Fund Balance Beginning of Year</i>	7,183	7,183	7,183	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance End of Year</i>	\$7,183	\$6,213	\$6,213	\$0

See accompanying notes to the basic financial statements

Village of New Lebanon, Montgomery County  
Statement of Fund Net Assets - Modified Cash Basis  
Proprietary Funds  
December 31, 2005

	Business-Type Activities			Total Enterprise Funds
	Water Enterprise Fund	Sewer Enterprise Fund	Other Enterprise Fund	
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	277,881	465,936	14,863	758,680
<i>Total Assets</i>	<u>277,881</u>	<u>465,936</u>	<u>14,863</u>	<u>758,680</u>
<b>Net Assets</b>				
Unrestricted	<u>277,881</u>	<u>465,936</u>	<u>14,863</u>	<u>758,680</u>

See accompanying notes to the basic financial statements

Village of New Lebanon, Montgomery County  
Statement of Cash Receipts,  
Disbursements and Changes in Fund Net Assets - Modified Cash Basis  
Proprietary Funds  
For the Year Ended December 31, 2005

	Business-Type Activities			Total Enterprise Funds
	Water	Sewer	Other	
	Enterprise Fund	Enterprise Fund	Enterprise Fund	
<b>Operating Receipts</b>				
Charges for Services	429,673	473,163	195,181	1,098,017
Other Operating Receipts	16,094	7,800	0	23,894
<i>Total Operating Receipts</i>	<u>445,767</u>	<u>480,963</u>	<u>195,181</u>	<u>1,121,911</u>
<b>Operating Disbursements</b>				
Personal Services	157,674	155,698	0	313,372
Fringe Benefits	18,760	20,874	0	39,634
Transportation	1,109	1,190	0	2,299
Contractual Services	104,255	111,029	192,350	407,634
Materials and Supplies	23,884	26,011	0	49,895
Other	411	88	11	510
Capital Outlay	457,691	21,020	0	478,711
<i>Total Operating Disbursements</i>	<u>763,784</u>	<u>335,910</u>	<u>192,361</u>	<u>1,292,055</u>
<i>Operating Income (Loss)</i>	<u>(318,017)</u>	<u>145,053</u>	<u>2,820</u>	<u>(170,144)</u>
<b>Non-Operating Receipts/(Disbursements)</b>				
Intergovernmental	411,702	0	0	411,702
Sale of Notes	595,000	0	0	595,000
Redemption of Principal	(625,000)	(47,504)	0	(672,504)
Interest and Fiscal Charges	(12,836)	(15,147)	0	(27,983)
Other	3,014	2,517	0	5,531
<i>Total Non-Operating Receipts/(Disbursements)</i>	<u>371,880</u>	<u>(60,134)</u>	<u>0</u>	<u>311,746</u>
<i>Change in Net Assets</i>	<u>53,863</u>	<u>84,919</u>	<u>2,820</u>	<u>141,602</u>
<i>Net Assets Beginning of Year</i>	<u>224,018</u>	<u>381,017</u>	<u>12,043</u>	<u>617,078</u>
<i>Net Assets End of Year</i>	<u><u>277,881</u></u>	<u><u>465,936</u></u>	<u><u>14,863</u></u>	<u><u>758,680</u></u>

See accompanying notes to the basic financial statements

Village of New Lebanon, Montgomery County  
Notes to the Financial Statements  
For the Year Ended December 31, 2006 and 2005

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**NOTE 1 – REPORTING ENTITY**

The Village of New Lebanon, Montgomery County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly elected six-member Council and Mayor elected at large for four-year terms.

The Village is comprised of the primary government units and other organizations that were included to ensure that the financial statements are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police and fire services.

**B. Component Units**

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village.

**New Lebanon Community Improvement Corporation**

The New Lebanon Community Improvement Corporation (CIC) was formed to advance, encourage, and promote the industrial, economic, commercial and civic development of the Village of New Lebanon, Ohio, by acting as a designated agency of the Village for the industrial, commercial, distribution and research development in such political subdivision in accordance with Section 1724.10 of the Ohio Revised Code (ORC).

A board of trustees, consisting of no more than fifteen members, governs the CIC. The trustees manage and oversee the operation of the corporation.

For the year ended December 31, 2006 and 2005, the CIC had no financial activity and should be considered an advisory committee to the Village. Contacting E. Karen Grimmer, Director of Finance and Records, Village of New Lebanon, 198 South Clayton Road, New Lebanon, OH 45345 can obtain separate financial statements.

Village of New Lebanon, Montgomery County  
Notes to the Financial Statements  
For the Year Ended December 31, 2006 and 2005

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

**A. Basis of Presentation**

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash and investments of the governmental and business-type activities of the Village at year-end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a modified cash basis or draws from the Village's general receipts.

**Fund Financial Statements**

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Village of New Lebanon, Montgomery County  
Notes to the Financial Statements  
For the Year Ended December 31, 2006 and 2005

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Proprietary fund statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as non-operating.

**B. Fund Accounting**

The Village uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental and proprietary.

**Governmental Funds**

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are the General Fund, Fire Fund, Income Tax Fund, Police Fund, and the Capital Improvement Fund.

General Fund - is used to account for all financial resources, except those required to be accounted for 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.

Fire Fund – receives general property taxes and contractual services, which are used to provide fire and emergency services to its residents and surrounding communities.

Income Tax Fund – receives municipal income taxes and is used to account for activities pertaining to sewer plant improvement debt retirement and general fund expenses.

Police Fund – receives general property taxes, used to provide public safety services to its residents.

Capital Improvement Fund – provides monies for the purchase of large equipment, vehicles, and buildings for the Village.

The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

**Proprietary Funds**

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the water and sewer funds.

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

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

Village of New Lebanon, Montgomery County  
Notes to the Financial Statements  
For the Year Ended December 31, 2006 and 2005

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**C. Basis of Accounting**

The Village's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods and services received by not paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or the Finance Director identifies decreases in receipts. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

**E. Cash and Investments**

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Village of New Lebanon, Montgomery County  
Notes to the Financial Statements  
For the Year Ended December 31, 2006 and 2005

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**E. Cash and Investments**, (continued)

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2006, the Village invested in nonnegotiable certificates of deposit, a money market fund, and STAR Ohio. The nonnegotiable certificates of deposit are reported at cost. The Village's money market fund investment is recorded at the amount reported by Key Bank, NA at December 31, 2006 and 2005.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2006 and 2005.

Interest earnings are allocated to Village funds according to state statutes, grant requirements, or debt related restrictions. In 2006, interest receipts of \$93,892 were credited to the General Fund, \$8,469 credited to the Area One Court Building Debt Fund, and \$603 to Community Development Block Grant Sawmill Lane Project. In 2005, interest receipts of \$48,177 were credited to the General Fund, \$4,360 credited to the Area One Court Building Debt Fund, and \$4,162 to Community Development Block Grant Sawmill Lane Project.

**F. Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

**G. Inventory and Prepaid Items**

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements

**H. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**I. Inter-fund Receivables/Payables**

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Village of New Lebanon, Montgomery County  
Notes to the Financial Statements  
For the Year Ended December 31, 2006 and 2005

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**J. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's modified cash basis of accounting.

**K. Employer Contributions to Cost-Sharing Pension Plans**

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits.

**L. Long-Term Obligations**

The Village's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.

**M. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Village first applies restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**N. Fund Balance Reserves**

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance, which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**O. Interfund Transactions**

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Village of New Lebanon, Montgomery County  
Notes to the Financial Statements  
For the Year Ended December 31, 2006 and 2005

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**NOTE 3 – CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY**

Last audit period the Village reported fund financial statements by fund type using the regulatory basis of accounting prescribed by the State Auditor's Office. This period the Village has implemented the modified cash basis of accounting. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type. There was no restatement of equity due to this change.

**NOTE 4 – BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund, fire fund and police fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the modified cash basis is (are) outstanding year-end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). The encumbrances outstanding at December 31, 2006 (budgetary basis) amounted to \$6,097 for the General fund, \$8,110 for the Fire fund, \$ 1,940 for the Income Tax fund, and \$12,266 for the police fund. Encumbrances outstanding at December 31, 2005 (budgetary basis) amounted to \$12,359 for the General fund, \$3,301 for the Fire fund, \$ 3,402 for the Income Tax fund, and \$11,239 for the Police fund.

**NOTE 5 – DEPOSITS AND INVESTMENTS**

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

Village of New Lebanon, Montgomery County  
Notes to the Financial Statements  
For the Year Ended December 31, 2006 and 2005

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**NOTE 5 - DEPOSITS AND INVESTMENTS** (continued)

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements, transacted only through banks located within the State of Ohio, in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Village by the financial institution, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Village or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year-end, the Village had \$200 in undeposited cash on hand which is included as part of "Cash and Cash Equivalents".

The Village's investments are required to be categorized to give an indication of the level of risk assumed by the Village at year-end. Category 1 includes investments that are insured or registered or for which the Village or its agent in the Village's name holds the securities. Investments in STAR Ohio and the money market mutual fund are not classified since they are not evidenced by securities that exist in physical or book-entry form.

Village of New Lebanon, Montgomery County  
Notes to the Financial Statements  
For the Year Ended December 31, 2006 and 2005

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**NOTE 5 - DEPOSITS AND INVESTMENTS** (continued)

**Deposits**

At year-ended December 31, 2006, the carrying amount of the Village's deposits was \$2,400,097, and the bank balance was \$2,479,787. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures" \$2,178,787 was exposed to custodial risk as discussed below, while \$300,000 was covered by federal depository insurance corporation. At year-ended December 31, 2005, the carrying amount of the Village's deposits was \$2,473,047, and the bank balance was \$2,534,288. Of the bank balance \$2,134,288 was exposed to custodial risk as discussed below, while \$400,000 was covered by federal depository insurance corporation.

Custodial credit risk is the risk that in the event of bank failure, the Village's deposits may not be returned. All deposits are collateralized with eligible securities in the amounts equal to at least 105% of carrying value of the deposits. Such collateral, as permitted by the Ohio revised code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name or the respective depository bank and pledged as a poll of collateral against all the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Village.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

As of December 31, the Village had the following Cash and Cash Equivalents:

	<u>2006</u>	<u>2005</u>
Demand Deposits	\$ 581,174	\$ 330,335
Certificates of Deposit	1,196,588	1,240,010
Star Ohio	<u>622,335</u>	<u>902,702</u>
 Total Cash & Cash Equivalents	 \$ <u>2,400,97</u>	 \$ <u>2,473,047</u>

Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**Investments**

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Village's investment policy addresses interest rate risk by requiring that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Village of New Lebanon, Montgomery County  
Notes to the Financial Statements  
For the Year Ended December 31, 2006 and 2005

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**NOTE 5 – DEPOSITS AND INVESTMENTS** (continued)

**Investments**, continued

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

**NOTE 6 – INCOME TAXES**

The Village levies a 1% (percent) income tax whose proceeds are placed into the Income Tax Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. Income tax collections were \$716,104 and \$767,296 for 2006 and 2005 respectively.

**NOTE 7 – PROPERTY TAXES**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, was levied after October 1, 2005, and is collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25% (percent) of true value for capital assets and 23% (percent) for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2006, was \$16.70 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Village of New Lebanon, Montgomery County  
Notes to the Financial Statements  
For the Year Ended December 31, 2006 and 2005

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**NOTE 7 – PROPERTY TAXES** (continued)

	<u>2006</u>	<u>2005</u>
Real Property		
Residential	\$41,937,480	\$41,721,090
Commercial/Industrial/Mineral	6,569,710	6,561,510
Public Utility Property		
Personal	1,705,820	1,587,740
Tangible Personal Property	<u>593,566</u>	<u>883,454</u>
Total Assessed Value	<u>\$50,806,576</u>	<u>\$50,753,794</u>

**NOTE 8 – RISK MANAGEMENT**

The Village has obtained commercial insurance through EMC Insurance Companies for the following risks:

General liability	\$1,000,000
Auto liability & auto physical damage	1,000,000
Property coverage	12,307,376 Blanket coverage
Inland marine coverage	1,000/\$20,000
Manager and Finance Director Bond	100,000
Commercial Umbrella	5,000,000

The Village has also obtained public officials liability coverage through Aspen Specialty Insurance Companies for the following:

Public Officials Liability	\$1,000,000
Public Officials Liability	\$1,000,000

The Village also provides health, prescription, dental, drug, long term disability, long term care, accidental death and dismemberment, life insurance to full-time employees through private carriers.

There have been no significant reductions in insurance coverage during 2006 or 2005. Settled claims have not exceeded commercial excess coverage in any of the past three year.

**NOTE 9 – DEFINED BENEFIT PENSION PLANS**

**A. Ohio Public Employees Retirement System**

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

Village of New Lebanon, Montgomery County  
Notes to the Financial Statements  
For the Year Ended December 31, 2006 and 2005

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**NOTE 9 – DEFINED BENEFIT PENSION PLANS** (continued)

**A. Ohio Public Employees Retirement System** (continued)

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans were required to contribute 9.0% (percent) of their annual covered salaries. The Village's contribution rate for pension benefits for 2006 was 13.70% (percent). The Ohio Revised Code provides statutory authority for member and employer contributions.

For the year ended December 31, 2005, the members of all three plans were required to contribute 8.5% (percent) of their annual covered salaries. The Village's contribution rate for pension benefits for 2005 was 13.55% (percent). The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contribution for pension obligations to the traditional and combined plans for the year ended December 31, 2006, 2005 and 2004 were \$55,177, \$59,189 and \$56,852, respectively. The full amount has been contributed for 2006, 2005 and 2004.

**B. Ohio Police and Fire Pension Fund**

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10% (percent) of their annual covered salary to fund pension obligations while the Village is required to contribute 19.5% (percent) for police officers and 24% (percent) for fire personnel. Contributions are authorized by State statute. The Village's required contribution to the Fund for the year ended December 31, 2006 and 2005 were \$80,395 and \$74,079, respectively. The full amount has been contributed for 2006 and 2005.

Village of New Lebanon, Montgomery County  
Notes to the Financial Statements  
For the Year Ended December 31, 2006 and 2005

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**NOTE 10 – POST-EMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 and 2005 local government employer contribution rate was 13.70% and 13.55% (percent) of covered payroll. 4.50% and 4.00% (percent) of covered payroll was the portion that was used to fund health care in 2006 and 2005, respectively.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .5 to 6 percent annually for the next nine years and 4.00 percent annually after ten years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was \$379,109. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.1 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

**B. Ohio Police and Fire Pension Fund**

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

Village of New Lebanon, Montgomery County  
Notes to the Financial Statements  
For the Year Ended December 31, 2006 and 2005

**NOTE 11 - DEBT**

A summary of the note transactions for the year ended December 31, 2006, follows:

	Interest Rate (%)	Balance December 31, 2004	Additions	Reductions	Balance December 31, 2005	Due in one year
<b>Governmental Activities</b>						
Fire House Construction	1.850	368,000	328,000	368,000	328,000	340,593
*Improvement Note	1.55	*790,000	550,000	703,308	*550,000	571,939
Municipal Building	2.06	500,000	460,000	500,000	460,000	478,630
Area One Land	2.06	106,000	75,000	106,000	75,000	78,038
NL Plaza	5.20	40,000		10,000	30,000	16,560
Lawson Ave Improvement	4.05		250,000		250,000	260,125
Area One Court	4.25	1,420,000		80,000	1,340,000	149,868
<b>Total Governmental Activities</b>		<b>3,224,000</b>	<b>1,663,000</b>	<b>1,767,308</b>	<b>3,033,000</b>	<b>1,895,753</b>
<b>Business Type Activities</b>						
WWTP Phase I	0.00	205,235		38,478	166,757	12,827
WWTP Phase II	0.00	362,015		18,566	343,449	18,564
*Improvement Note(see above)	1.55	*0		86,692	*0	
Water Works	2.06	595,000	565,000	595,000	565,000	587,883
<b>Total Business Type Activities</b>		<b>1,162,250</b>	<b>565,000</b>	<b>738,736</b>	<b>1,075,206</b>	<b>619,274</b>
<b>Total</b>		<b>\$4,386,250</b>	<b>\$2,228,000</b>	<b>\$2,506,044</b>	<b>\$4,108,206</b>	<b>\$2,515,027</b>

A summary of the note transactions for the year ended December 31, 2005, follows:

	Interest Rate (%)	Balance December 31, 2004	Additions	Reductions	Balance December 31, 2005
<b>Governmental Activities</b>					
Fire House Construction	1.850	398,000	368,000	398,000	368,000
*Improvement Note	1.55	980,000	790,000	954,606	*790,000
Municipal Building	2.06	545,000	500,000	545,000	500,000
Area One Land	2.06	116,360	106,000	116,360	106,000
NL Plaza	5.20	55,000		15,000	40,000
Area One Court	4.25	1,500,000		80,000	1,420,000
<b>Total Governmental Activities</b>		<b>3,594,360</b>	<b>1,764,000</b>	<b>2,108,966</b>	<b>3,224,000</b>
<b>Business Type Activities</b>					
WWTP Phase I	0.00	218,063		12,828	205,235
WWTP Phase II	0.00	371,297		9,282	362,015
*Improvement Note(see above)	1.55			25,394	*0
Water Works	2.06	625,000	595,000	625,000	595,000
<b>Total Business Type Activities</b>		<b>1,214,360</b>	<b>595,000</b>	<b>672,504</b>	<b>1,162,250</b>
<b>Total</b>		<b>\$4,808,720</b>	<b>\$2,359,000</b>	<b>\$2,781,470</b>	<b>\$4,386,250</b>

Village of New Lebanon, Montgomery County  
Notes to the Financial Statements  
For the Year Ended December 31, 2006 and 2005

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**NOTE 11 – DEBT** (continued)

The Village’s general obligation notes and revenue anticipation notes consists of the following:

- 1994 construction of the fire house - balance remaining \$328,000
- 1996 construction of the municipal building - balance remaining \$460,000
- 1998 land purchase for the area one court building - balance remaining \$75,000
- The New Lebanon Plaza Special Assessment issued in 1998 which has a balance remaining of \$30,000.

The Village issued County Court Facility Revenue Bonds, Series 1998 for the cost of constructing and furnishing a building for use as a court building by Montgomery County District Court One. Interest on the Series 1998 bonds is payable on June 1 and December 1 of each year, commencing June, 2001. In conjunction with the bonds issued, the Village entered into a construction and lease agreement with Montgomery County in which the County agreed to lease the project from the Village for a 20-year period. The County agreed to pay a fixed minimum rent for the project at an amount which has been calculated by the Village to be sufficient in time and amount to pay the Bond service charges on the Series 1998 bonds when due.

The Village issued \$250,000 general obligation notes contributing to the construction of the Lawson Avenue Storm Sewer Repair Project in 2006. This is renewed annually.

Phase I and Phase II revenue anticipation notes were obtained for the purpose of paying for Phase I and Phase II improvements to the Village sewer plant that was mandated by the Ohio Environmental Protection Agency. These notes are zero percent interest. Phase I balance remaining \$166,757 and Phase II is \$343,449.

Water works revenue anticipation note with a balance of \$565,000 comprised of acquiring real property for well field protection \$250,000, replacing an existing well with well #5 \$100,000, constructing a water main and related improvements along North Clayton Road \$95,000 and constructing well #6 and abandoning well #2 \$120,000. The notes are secured by water receipts and the Village has agreed to set utility rates sufficient to cover debt service requirements.

The following is a summary of the Village’s future annual debt service requirements, including interest:

Year	Area One Court		WWTP	Other
	Principal	Interest		
2007	\$ 85,000	\$ 64,869	\$ 31,391	\$ 2,333,767
2008	90,000	61,129	44,219	
2009	95,000	57,079	44,219	
2010	100,000	52,709	44,219	
2011	100,000	48,008	44,219	
2012 – 2116	590,000	161,398	144,138	
2017 – 2021	280,000	21,250	113,582	
Totals	<u>\$1,340,000</u>	<u>\$466,442</u>	<u>\$510,206</u>	<u>\$ 2,333,767</u>

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2006, were an overall debt margin of \$2,794,362 and an unvoted debt margin of \$5,334,690.

Village of New Lebanon, Montgomery County  
Notes to the Financial Statements  
For the Year Ended December 31, 2006 and 2005

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**NOTE 12 – INTERFUND TRANSFERS**

During 2006 the following transfers were made:

Transfers from the General Fund to:	<u>2006</u>
Police Fund	\$371,314
Other Governmental Funds	25,000
Transfers from the Income Tax Fund to:	
General Fund	441,285
Capital Improvement Fund	147,095
Other Government Funds Transfers to:	
General Fund	74,352
Total 2006 Transfers	<u>\$1,059,046</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfer from other Government funds to General fund was to close a capital projects fund.

During 2005 the following transfers were made:

Transfers from the General Fund to:	<u>2005</u>
Police Fund	\$304,235
Other Governmental Funds	136,622
Transfers from the Income Tax Fund to:	
General Fund	490,908
Capital Improvement Fund	163,636
Total 2005 Transfers	<u>\$1,095,401</u>

**NOTE 13 – CONTINGENT LIABILITIES**

The Village is currently not involved in litigation. Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors 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.

MANNING & ASSOCIATES CPAS, LLC  
6105 NORTH DIXIE DRIVE  
DAYTON, OHIO 45414

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

Mayor and Members of Council  
Village of New Lebanon  
198 S. Clayton Road  
New Lebanon, Ohio 45345

To the Village Council

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of New Lebanon, Montgomery County, Ohio (the Village), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Village's basic financial statements and have issued our report thereon dated April 30, 2007, in which we disclosed the Village prepares its financial statement on the modified cash basis of accounting, a comprehensive accounting basis other than accounting principles generally accepted in the United State of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. We noted other matters that we have reported to management in a separate letter dated April 30, 2007

Mayor and Members of Council  
Village of New Lebanon  
Montgomery County  
Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Required by  
*Government Auditing Standards*  
Page 2

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 that are required to be reported under *Government Auditing Standards*.

In a separate letter to the Village's management dated April 30, 2007, we reported other matters related to noncompliance we deemed immaterial.

This report is intended for the information and use of the audit committee, management and Council, and is not intended to be and should not be used by anyone other than these specified parties.

Manning & Associates CPAs, LLC  
Dayton, Ohio

April 30, 2007



**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF NEW LEBANON**

**MONTGOMERY COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 20, 2007**