



OHIO AUDITOR OF STATE  
**KEITH FABER**





**VILLAGE OF NEW MADISON  
DARKE COUNTY  
DECEMBER 31, 2020 AND 2019**

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VILLAGE OF NEW MADISON  
DARKE COUNTY  
DECEMBER 31, 2020 AND 2019

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Village of New Madison  
Darke County  
124 South Harrison Street  
P.O. Box 15  
New Madison, Ohio 45346

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying modified cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of New Madison, Darke County, Ohio (the Village), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of December 31, 2020 and 2019, and the respective changes in modified cash financial position and where applicable cash flows and the respective budgetary comparisons for the General Fund (for the years ended December 31, 2020 and 2019) and Street Construction Maintenance and Repair Fund (for the year ended December 31, 2020), thereof for the years then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the modified cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Emphasis of Matter**

As discussed in Note 13 to the financial statements for the year ended December 31, 2019, the Village elected to change its financial presentation to a modified cash basis comparable to the requirements of *Governmental Accounting Standards*. We did not modify our opinion regarding this matter.

As discussed in Note 12 (for the years ended December 31, 2020 and 2019) to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2021, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 12, 2021

**Village of New Madison, Ohio**  
*Darke County*  
*Statement of Net Position - Modified Cash Basis*  
*December 31, 2020*

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$321,223	\$1,295,183	1,616,406
Investments	0	69,308	69,308
<i>Total Assets</i>	<u>\$321,223</u>	<u>\$1,364,491</u>	<u>\$1,685,714</u>
<b>Net Position</b>			
Restricted for:			
Capital Projects	\$0	\$218,593	\$218,593
Debt Service	21,636	0	21,636
Other Purposes	108,849	0	108,849
Unrestricted	190,738	1,145,898	1,336,636
<i>Total Net Position</i>	<u>\$321,223</u>	<u>\$1,364,491</u>	<u>\$1,685,714</u>

See accompanying notes to the basic financial statements.

**Village of New Madison, Ohio**  
*Darke County*  
*Statement of Activities - Modified Cash Basis*  
*For the Year Ended December 31, 2020*

	Program Cash Receipts		
Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	
<b>Governmental Activities</b>			
Current:			
Security of Persons and Property	\$81,891	\$0	\$0
Public Health Services	2,998	0	0
Community Environment	0	50	0
Basic Utility Services	71,964	68,359	0
Transportation	62,431	0	72,106
General Government	122,336	0	0
Capital Outlay	78,116	0	0
Debt Service:			
Principal Retirement	7,900	0	0
Interest and Fiscal Charges	17,200	0	0
<i>Total Governmental Activities</i>	444,836	68,409	72,106
<b>Business-Type Activities</b>			
Water Operating	165,714	159,200	0
Water Tower	0	0	0
Water Usage Overage	0	0	0
Sewer Operating	329,216	271,709	0
Storm Sewer-Other Enterprise Operating	1	14,489	0
<i>Total Business-Type Activities</i>	494,931	445,398	0
<i>Total Primary Government</i>	\$939,767	\$513,807	\$72,106
	General Receipts: Property Taxes Other Local Taxes Income Taxes Grants and Entitlements not Restricted to Specific Programs Loans Issued Earnings on Investments Miscellaneous Transfers		
	<i>Total General Receipts, Transfers</i>		
	Change in Net Position		
	<i>Net Position Beginning of Year</i>		
	<i>Net Position End of Year</i>		

See accompanying notes to the basic financial statements.



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Net (Disbursements) Receipts and Changes in Net Position

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Governmental Activities	Business-Type Activities	Total
(\$81,891)	\$0	(\$81,891)
(2,998)	0	(2,998)
50	0	50
(3,605)	0	(3,605)
9,675	0	9,675
(122,336)	0	(122,336)
(78,116)	0	(78,116)
(7,900)	0	(7,900)
(17,200)	0	(17,200)
<u>(304,321)</u>	<u>0</u>	<u>(304,321)</u>
0	(6,514)	(6,514)
0	0	0
0	0	0
0	(57,507)	(57,507)
0	14,488	14,488
<u>0</u>	<u>(49,533)</u>	<u>(49,533)</u>
<u>(304,321)</u>	<u>(49,533)</u>	<u>(353,854)</u>
128,154	0	128,154
4,350	0	4,350
155,869	0	155,869
43,863	0	43,863
0	50,297	50,297
8,768	1,390	10,158
16,232	8,181	24,413
(3,693)	3,692	(1)
<u>353,543</u>	<u>63,560</u>	<u>417,103</u>
49,222	14,027	63,249
<u>272,001</u>	<u>1,350,464</u>	<u>1,622,465</u>
<u>\$321,223</u>	<u>\$1,364,491</u>	<u>\$1,685,714</u>

**Village of New Madison, Ohio**  
*Darke County*  
*Statement of Assets and Fund Balances - Modified Cash Basis*  
*Governmental Funds*  
*December 31, 2020*

	General	Street Const. Maint. Rep.	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$190,738	\$42,763	\$87,722	\$321,223
<i>Total Assets</i>	<u>\$190,738</u>	<u>\$42,763</u>	<u>\$87,722</u>	<u>\$321,223</u>
<b>Fund Balances</b>				
Nonspendable	\$0	\$0	\$2,417	\$2,417
Restricted	0	\$42,763	\$85,305	128,068
Assigned	189,449	0	0	189,449
Unassigned (Deficit)	1,289	0	0	1,289
<i>Total Fund Balances</i>	<u>\$190,738</u>	<u>\$42,763</u>	<u>\$87,722</u>	<u>\$321,223</u>

See accompanying notes to the basic financial statements.

**Village of New Madison, Ohio**  
*Darke County*  
*Statement of Receipts, Disbursements and Changes Fund Balances - Modified Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2020*

	General	Street Const. Maint. Rep.	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Municipal Income Taxes	\$155,869	\$0	\$0	\$155,869
Property Taxes	32,263	0	95,891	128,154
Other Local Taxes	0	0	4,350	4,350
Intergovernmental	43,863	50,578	21,528	115,969
Special Assessments	68,359	0	0	68,359
Charges for Services	50	0	0	50
Earnings on Investments	8,768	0	0	8,768
Miscellaneous	16,132	100	0	16,232
	<u>325,304</u>	<u>50,678</u>	<u>121,769</u>	<u>497,751</u>
<i>Total Receipts</i>				
<b>Disbursements</b>				
Current:				
Security of Persons and Property	21,910	0	59,981	81,891
Public Health Services	2,998	0	0	2,998
Basic Utility Services	71,964	0	0	71,964
Transportation	40,596	13,110	8,725	62,431
General Government	121,096	0	1,240	122,336
Capital Outlay	9,799	68,317	0	78,116
Debt Service:				
Principal Retirement	0	0	7,900	7,900
Interest and Fiscal Charges	0	0	17,200	17,200
	<u>268,363</u>	<u>81,427</u>	<u>95,046</u>	<u>444,836</u>
<i>Total Disbursements</i>				
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>56,941</u>	<u>(30,749)</u>	<u>26,723</u>	<u>52,915</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	30,000	0	30,000
Transfers Out	(33,693)	0	0	(33,693)
	<u>(33,693)</u>	<u>30,000</u>	<u>0</u>	<u>(3,693)</u>
<i>Total Other Financing Sources (Uses)</i>				
<i>Net Change in Fund Balances</i>	23,248	(749)	26,723	49,222
<i>Fund Balances Beginning of Year</i>	<u>167,490</u>	<u>43,512</u>	<u>60,999</u>	<u>272,001</u>
<i>Fund Balances End of Year</i>	<u>\$190,738</u>	<u>\$42,763</u>	<u>\$87,722</u>	<u>\$321,223</u>

See accompanying notes to the basic financial statements.

**Village of New Madison, Ohio**  
*Darke County*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2020*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Municipal Income Taxes	\$158,634	\$158,634	\$155,869	(\$2,765)
Property Taxes	36,280	36,280	32,263	(4,017)
Intergovernmental	40,560	40,560	43,863	3,303
Charges for Services	69,387	69,387	68,359	(1,028)
Fines, Licenses and Permits	240	240	50	(190)
Earnings on Investments	19,200	19,200	8,768	(10,432)
Miscellaneous	13,428	13,428	16,132	2,704
<i>Total Receipts</i>	<u>337,729</u>	<u>337,729</u>	<u>325,304</u>	<u>(12,425)</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	21,886	21,910	21,910	0
Public Health Services	2,998	2,998	2,998	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Basic Utility Services	64,061	74,061	71,964	2,097
Transportation	43,834	43,834	40,596	3,238
General Government	165,157	175,133	128,023	47,110
Capital Outlay	58,540	58,540	9,799	48,741
<i>Total Disbursements</i>	<u>356,476</u>	<u>376,476</u>	<u>275,290</u>	<u>101,186</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(18,747)</u>	<u>(38,747)</u>	<u>50,014</u>	<u>88,761</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(40,000)	(40,000)	(33,693)	6,307
Other Financing Uses	(108,125)	(88,125)	0	88,125
<i>Total Other Financing Sources (Uses)</i>	<u>(148,125)</u>	<u>(128,125)</u>	<u>(33,693)</u>	<u>94,432</u>
<i>Net Change in Fund Balance</i>	(166,872)	(166,872)	16,321	183,193
<i>Unencumbered Fund Balance Beginning of Year</i>	164,724	164,724	164,724	0
Prior Year Encumbrances Appropriated	2,766	2,766	2,766	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$618</u>	<u>\$618</u>	<u>\$183,811</u>	<u>\$183,193</u>

See accompanying notes to the basic financial statements.

**Village of New Madison, Ohio**  
*Darke County*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Street Construction Maint. & Repair*  
*For the Year Ended December 31, 2020*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Intergovernmental	\$52,396	\$52,396	\$50,578	(\$1,818)
Fines, Licenses and Permits	1,000	1,000	0	(1,000)
Miscellaneous	508	508	100	(408)
<i>Total Receipts</i>	<u>53,904</u>	<u>53,904</u>	<u>50,678</u>	<u>(3,226)</u>
<b>Disbursements</b>				
Current:				
Transportation	54,255	54,256	13,161	41,095
Capital Outlay	66,093	96,092	68,317	27,775
<i>Total Disbursements</i>	<u>120,348</u>	<u>150,348</u>	<u>81,478</u>	<u>68,870</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(66,444)</u>	<u>(96,444)</u>	<u>(30,800)</u>	<u>65,644</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	27,500	57,500	30,000	(27,500)
<i>Total Other Financing Sources (Uses)</i>	<u>27,500</u>	<u>57,500</u>	<u>30,000</u>	<u>(27,500)</u>
<i>Net Change in Fund Balance</i>	(38,944)	(38,944)	(800)	38,144
<i>Unencumbered Fund Balance Beginning of Year</i>	43,512	43,512	43,512	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$4,568</u>	<u>\$4,568</u>	<u>\$42,712</u>	<u>\$38,144</u>

See accompanying notes to the basic financial statements.

**Village of New Madison, Ohio**  
*Darke County*  
*Statement of Fund Net Position - Modified Cash Basis*  
*Proprietary Funds*  
*December 31, 2020*

	Business-Type Activities				Total Enterprise Funds
	Water Operating	Water Usage Overage	Sewer Operating	Other Enterprise Funds	
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$269,731	\$180,484	\$794,343	\$50,625	\$1,295,183
Investments	0	0	69,308	0	69,308
<i>Total Assets</i>	<u>\$269,731</u>	<u>\$180,484</u>	<u>\$863,651</u>	<u>\$50,625</u>	<u>\$1,364,491</u>
<b>Net Position</b>					
Restricted for:					
Capital Projects	\$0	\$180,484	\$0	\$38,109	\$218,593
Unrestricted	\$269,731	\$0	\$863,651	\$12,516	1,145,898
<i>Total Net Position</i>	<u>\$269,731</u>	<u>\$180,484</u>	<u>\$863,651</u>	<u>\$50,625</u>	<u>\$1,364,491</u>

See accompanying notes to the basic financial statements.

**Village of New Madison, Ohio**  
*Darke County*  
*Statement of Receipts, Disbursements and Changes in Fund Net Position - Modified Cash Basis*  
*Proprietary Funds*  
*For the Year Ended December 31, 2020*

	Business-Type Activities				Total Enterprise Funds
	Water Operating	Water Usage Overage	Sewer Operating	Other Enterprise Funds	
<b>Operating Receipts</b>					
Charges for Services	\$159,200	\$0	\$271,709	\$14,489	\$445,398
Miscellaneous	4,115	0	4,046	0	8,161
<i>Total Operating Receipts</i>	<u>163,315</u>	<u>0</u>	<u>275,755</u>	<u>14,489</u>	<u>453,559</u>
<b>Operating Disbursements</b>					
Personal Services	56,104	0	64,270	0	120,374
Employee Fringe Benefits	10,547	0	10,546	0	21,093
Contractual Services	12,120	0	34,448	0	46,568
Supplies and Materials	36,646	0	32,208	1	68,855
<i>Total Operating Disbursements</i>	<u>115,417</u>	<u>0</u>	<u>141,472</u>	<u>1</u>	<u>256,890</u>
<i>Operating Income (Loss)</i>	<u>47,898</u>	<u>0</u>	<u>134,283</u>	<u>14,488</u>	<u>196,669</u>
<b>Non-Operating Receipts (Disbursements)</b>					
Earnings on Investments	0	0	1,390	0	1,390
Loans Issued	50,297	0	0	0	50,297
Miscellaneous Receipts	20	0	0	0	20
Capital Outlay	(50,297)	0	(25,060)	0	(75,357)
Principal Retirement	0	0	(59,201)	0	(59,201)
Interest and Other Fiscal Charges	0	0	(74,983)	0	(74,983)
Other Financing Uses	0	0	(28,500)	0	(28,500)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>20</u>	<u>0</u>	<u>(186,354)</u>	<u>0</u>	<u>(186,334)</u>
<i>Income (Loss) before Transfers</i>	47,918	0	(52,071)	14,488	10,335
Transfers In	1,846	29,304	111,370	12,825	155,345
Transfers Out	(42,129)	0	(109,524)	0	(151,653)
<i>Change in Net Position</i>	7,635	29,304	(50,225)	27,313	14,027
<i>Net Position Beginning of Year</i>	<u>262,096</u>	<u>151,180</u>	<u>913,876</u>	<u>23,312</u>	<u>1,350,464</u>
<i>Net Position End of Year</i>	<u>\$269,731</u>	<u>\$180,484</u>	<u>\$863,651</u>	<u>\$50,625</u>	<u>\$1,364,491</u>

See accompanying notes to the basic financial statements.

**Village of New Madison, Ohio**  
*Darke County*  
*Statement of Cash Flows - Modified Cash Basis*  
*Proprietary Funds*  
*For the Year Ended December 31, 2020*

	Business-Type Activities				Total Enterprise Funds
	Water Operating	Water Usage Overage	Sewer Operating	Other Enterprise Funds	
<b>Increase (Decrease) in Cash and Cash Equivalents</b>					
<b>Cash Flows from Operating Activities</b>					
Cash Received from Customers	\$159,200	\$0	\$271,709	\$14,489	\$445,398
Other Cash Receipts	4,115	0	4,046	0	8,161
Cash Payments to Employees for Services	(56,104)	0	(64,270)	0	(120,374)
Cash Payments for Employee Benefits	(10,547)	0	(10,546)	0	(21,093)
Cash Payments for Goods and Services	(48,766)	0	(66,656)	(1)	(115,423)
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>47,898</u>	<u>0</u>	<u>134,283</u>	<u>14,488</u>	<u>196,669</u>
<b>Cash Flows from Noncapital Financing Activities</b>					
Other Cash Receipts	20	0	0	0	20
Other Cash Payments	0	0	(28,500)	0	(28,500)
Transfers In	1,846	29,304	111,370	12,825	155,345
Transfers Out	(42,129)	0	(109,524)	0	(151,653)
<i>Net Cash Provided by (Used in) Noncapital Financing Activities</i>	<u>(40,263)</u>	<u>29,304</u>	<u>(26,654)</u>	<u>12,825</u>	<u>(24,788)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Proceeds from Sale of Debt	50,297	0	0	0	50,297
Principal Paid on Bonds	0	0	(59,201)	0	(59,201)
Interest Paid on Bonds	0	0	(74,983)	0	(74,983)
Payments for Capital Acquisitions	(50,297)	0	(25,060)	0	(75,357)
<i>Net Cash Provided by (Used in) Capital and Related Financing Activities</i>	<u>0</u>	<u>0</u>	<u>(159,244)</u>	<u>0</u>	<u>(159,244)</u>
<b>Cash Flows from Investing Activities</b>					
Interest on Investments	0	0	1,390	0	1,390
<i>Net Cash Provided by (Used in) Investing Activities</i>	<u>0</u>	<u>0</u>	<u>1,390</u>	<u>0</u>	<u>1,390</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	7,635	29,304	(50,225)	27,313	14,027
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>262,096</u>	<u>151,180</u>	<u>913,876</u>	<u>23,312</u>	<u>1,350,464</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$269,731</u></u>	<u><u>\$180,484</u></u>	<u><u>\$863,651</u></u>	<u><u>\$50,625</u></u>	<u><u>\$1,364,491</u></u>

See accompanying notes to the basic financial statements



**Village of New Madison, Ohio**  
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**Note 1 – Reporting Entity**

The Village of New Madison (the Village), Darke County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly elected six-member Council.

The reporting entity is composed of the primary government. The Village’s management believes these financial statements present all activities for which the Village is financially accountable.

***Primary Government***

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The primary government of the Village of New Madison provides the following services to its citizens: Water and sewer utilities and park operations. The Village contracts with the Darke County Sheriff’s department to provide security of persons and property, New Madison Fire Department Association to receive fire protection services, and Tri-Village Joint Ambulance District for rescue services.

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

As discussed further in the “Basis of Accounting” section of this note, 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. Following are the more significant of the Village’s accounting policies.

***Basis of Presentation***

The Village’s basic financial statements consist of government-wide financial statements, including a statement of net position 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 position 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 in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

**Village of New Madison, Ohio**  
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The statement of net position presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each program or function of the Village's governmental activities 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, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants required to be used to support 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 program or business activity is self-financing on a modified cash basis or draws from the general receipts of the Village.

***Fund Financial Statements*** During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order 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.

Proprietary fund statements distinguish operating transactions from nonoperating 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 nonoperating.

***Fund Accounting***

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

***Governmental Funds*** Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds:

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

***Street Construction Maintenance and Repair*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for maintenance and repair of streets within the Village.

The other governmental funds of the Village account for and report grants and other resources whose use is restricted, committed or assigned 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 funds or internal service funds.

**Village of New Madison, Ohio**  
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***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 following are the Village's major enterprise funds:

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

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

***Water Usage Overage Fund*** Water usage overages are transferred to this fund quarterly and are used for the construction of the new water tower.

***Basis of Accounting***

The Village's financial statements are prepared using the modified cash basis of accounting. 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. Any such modifications made by the Village are described in the appropriate section in this note.

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 or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

***Budgetary Process***

All funds, except custodial 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 Village Council may appropriate.

The appropriations ordinance is Village Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by Village Council. The legal level of control has been established by Village Council 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 decreases in receipts are identified by the Village Clerk. 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 certificated of estimated resources in effect at the time final appropriations were passed by Village Council.

**Village of New Madison, Ohio**  
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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 Village Council during the year.

***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.

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 2020, the Village invested in nonnegotiable certificates of deposit and STAR Ohio. Investments are reported at cost, except for STAR Ohio.

STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The Village measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2020 was \$8,768.

***Restricted Assets***

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

**Village of New Madison, Ohio**  
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***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.

***Interfund 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.

***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.

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

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

***Long-Term Obligations***

The Village's modified cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

***Net Position***

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for debt service, police operations, and road maintenance and improvements.

The Village's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

***Fund Balance***

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

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party, such as citizens, public interest groups, or the judiciary, to use resources created by enabling legislation only for the purposes specified by the legislation.

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution, as both are equally binding) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution, as both are equally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Village Council or a Village official delegated that authority by resolution or by State Statute. State Statute authorizes the Village Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

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

***Internal Activity***

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

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Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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 nonoperating 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.

**Note 3 – 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 and street construction maintenance and repair are 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 are as follows:

1. Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (*modified* cash basis).
2. Outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (*modified* cash basis).
3. Unreported interest is reported on the statement of *modified* receipts, disbursements, and changes in fund balances (cash basis), but not on the budgetary basis.

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

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 337,729	\$ 325,304	\$ (12,425)
Special Revenue	164,350	165,474	1,124
Debt Service	33,976	36,973	2,997
Enterprise	1,039,484	660,611	(378,873)
Total	<u>\$ 1,575,539</u>	<u>\$ 1,188,362</u>	<u>\$ (387,177)</u>

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 509,919	\$ 308,983	\$ 200,936
Special Revenue	237,204	154,055	83,149
Debt Service	41,108	22,469	18,639
Enterprise	1,971,501	646,827	1,324,674
Total	<u>\$ 2,759,732</u>	<u>\$ 1,132,334</u>	<u>\$ 1,627,398</u>

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**Note 4 – Deposits and Investments**

State statutes classify monies held by the Village into three categories.

Active deposits 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.

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment.

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;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (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;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);



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7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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. Except as noted above, 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 Treasurer 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 \$1,616,406 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

***Deposits***

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 the Village and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

***Investments***

The fair value of these investments is not materially different from measurement value. As of December 31, 2020, the Village had the following investments:

	Measurement Value
Certificates of Deposit	\$ 69,308
STAR Ohio	1,016,492
Total Portfolio	\$ 1,085,800

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***Credit Risk*** 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.

**Note 5 – Taxes**

***Property Taxes***

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2020 for real and public utility property taxes represents collections of 2019 taxes.

2020 real property taxes are levied after October 1, 2020, on the assessed value as of January 1, 2020, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2020 real property taxes are collected in and intended to finance 2021.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2020 public utility property taxes which became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

***Income Taxes***

The Village levies a one percent income tax on substantially all income earned in the Village. In addition, Village residents employed in municipalities having an income tax less than one percent must pay the difference to the Village. Additional increases in the income tax rate require voter approval. The Village uses Central Collection Agency for income tax administration and collection.

**Note 6 – Interfund Balances and Transfers**

***Advances***

There were no outstanding advances as of December 31, 2020.

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**Note 7 – Risk Management**

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

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

**Note 8 – Defined Benefit Pension Plans**

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description – Village employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

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<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b>	<b>Traditional Plan Formula:</b>	<b>Traditional Plan Formula:</b>
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b>	<b>Combined Plan Formula:</b>	<b>Combined Plan Formula:</b>
1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>
Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>
Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Traditional Plan Formula:</b>	<b>Traditional Plan Formula:</b>	<b>Traditional Plan Formula:</b>
2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, current law provides for a 3 percent COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of their benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	Public Safety	Law Enforcement
<b>2020 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee ***	10.0 %	*	**
<b>2020 Actual Contribution Rates</b>			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0	0.0	0.0
<b>Total Employer</b>	<b>14.0 %</b>	<b>18.1 %</b>	<b>18.1 %</b>
<b>Employee</b>	<b>10.0 %</b>	<b>12.0 %</b>	<b>13.0 %</b>
*	This rate is determined by OPERS' Board and has no maximum rate established by ORC.		
**	This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.		
***	Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.		
****	This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4 percent.		

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

**Village of New Madison, Ohio**  
*Darke County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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The Village's contractually required contribution was \$41,566 for the year 2020.

***Social Security***

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

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

**Note 9 – Postemployment Benefits**

***Ohio Public Employees Retirement System***

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

**Village of New Madison, Ohio**  
*Darke County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, State and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2020, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2020 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$41,566 for 2020.

**Note 10 – Debt**

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest Rate
USDA Mortgage Revenue Bond 92-01	\$1,273,700	4.75%
USDA Mortgage Revenue Bond 92-03	270,700	4.75%
USDA General Obligation Bond 92-05	354,200	4.75%
Ohio Public Works Commission Loan	62,500	0.00%
Ohio Public Works Water Tower Project	370,326	0.00%
Total	\$2,331,426	

The United States Department of Agriculture (USDA) mortgage revenue bonds relate to a water and sewer plant construction project the Ohio Environmental Protection Agency mandated. The Village will repay the bonds in annual installments including interest, over 40 years. Water and sewer receipts collateralize the bonds. The Village has agreed to set utility rates sufficient to cover USDA debt service requirements.

The Village issued general obligation bonds to assist in financing of a water and sewer plant construction project. This is being repaid with property tax receipts, and the Village will repay this bond in annual installments with interest over 40 years. The Village's taxing authority collateralized the bonds.

The Ohio Public Works Commission loan is an interest-free loan, which was obtained to aid in construction of the water and sewer project. This loan is being repaid in semi-annual installments of \$12,500. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Village was awarded \$1,000,000 by the Ohio Public Works Commission (OPWC) on July 1, 2018, for the water tower project (CK07V). Of this amount, \$400,000 was from a grant and \$600,000 was from a loan. During the year ended December 31, 2020, the Village drew down \$50,297 in loan proceeds. As of December 31, 2020, the Village has drawn a total of \$370,326 in loan proceeds. The project is not yet complete. An amortization schedule will be established upon completion of the project.

**Village of New Madison, Ohio**  
*Darke County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

***Amortization***

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

December 31:	USDA Mortgage Revenue	USDA General Obligation	OPWC Loan
2021	\$ 109,259.00	\$ 25,025.00	\$ 25,000.00
2022	109,154.00	25,035.00	25,000.00
2023	109,273.00	25,027.00	12,500.00
2024	109,201.00	25,099.00	-
2025	109,244.00	25,048.00	-
2026-2030	546,136.00	125,229.00	-
2031-2035	545,998.00	125,233.00	-
2036-2040	546,013.00	125,252.00	-
2041-2044	436,934.00	100,254.00	-
Total	\$ 2,621,212.00	\$ 601,202.00	\$ 62,500.00

**Note 11 – Contingent Liabilities**

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.

**Note 12 – COVID-19**

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

**Note 13 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:



**Village of New Madison, Ohio**  
*Darke County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

Fund Balances	General Fund	Street Const. Maint. Rep.	Other Governmental Funds	Total
<b>Nonspendable</b>				
Fire Operations			\$2,417	\$2,417
<i>Total Nonspendable</i>	0	0	2,417	2,417
<b>Restricted for</b>				
Road Improvements		42,763	45,266	88,029
Police Operations			18,937	18,937
Debt Service			21,102	21,102
<i>Total Restricted</i>	0	42,763	85,305	128,068
<b>Assigned to</b>				
Future Appropriations	189,449			189,449
<i>Total Assigned</i>	189,449	0	0	189,449
<b>Unassigned (Deficits)</b>				
	1,289			1,289
<i>Total Fund Balances</i>	<u>\$190,738</u>	<u>\$42,763</u>	<u>\$87,722</u>	<u>\$321,223</u>

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**Village of New Madison, Ohio**  
*Darke County*  
*Statement of Net Position - Modified Cash Basis*  
*December 31, 2019*

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$272,001	\$1,282,546	1,554,547
Investments	0	67,918	67,918
<i>Total Assets</i>	<u>\$272,001</u>	<u>\$1,350,464</u>	<u>\$1,622,465</u>
<b>Net Position</b>			
Restricted for:			
Capital Projects	\$0	\$170,985	\$170,985
Debt Service	7,132	0	7,132
Other Purposes	97,379	0	97,379
Unrestricted	167,490	1,179,479	1,346,969
<i>Total Net Position</i>	<u>\$272,001</u>	<u>\$1,350,464</u>	<u>\$1,622,465</u>

See accompanying notes to the basic financial statements.

**Village of New Madison, Ohio**  
*Darke County*  
*Statement of Activities - Modified Cash Basis*  
*For the Year Ended December 31, 2019*

	Program Cash Receipts		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions
<b>Governmental Activities</b>			
Current:			
Security of Persons and Property	\$72,977	\$0	\$0
Public Health Services	2,954	0	0
Community Environment	0	2,225	0
Basic Utility Services	63,357	68,511	0
Transportation	101,388	0	46,471
General Government	128,865	10	0
Capital Outlay	18,996	0	0
Debt Service:			
Principal Retirement	7,500	0	0
Interest and Fiscal Charges	17,556	0	0
<i>Total Governmental Activities</i>	<u>413,593</u>	<u>70,746</u>	<u>46,471</u>
<b>Business-Type Activities</b>			
Water Operating	806,506	158,885	0
Water Tower	2,370	0	0
Water Usage Overage	0	0	0
Sewer Operating	264,063	282,569	0
Storm Sewer-Other Enterprise Operating	0	15,163	0
<i>Total Business-Type Activities</i>	<u>1,072,939</u>	<u>456,617</u>	<u>0</u>
<i>Total Primary Government</i>	<u>\$1,486,532</u>	<u>\$527,363</u>	<u>\$46,471</u>

General Receipts:  
Property Taxes  
Other Local Taxes  
Income Taxes  
Grants and Entitlements not Restricted to Specific Programs  
Loans Issued  
Earnings on Investments  
Miscellaneous  
Transfers  
Advances

*Total General Receipts, Transfers and Advances*

Change in Net Position

*Net Position Beginning of Year*

*Net Position End of Year*

See accompanying notes to the basic financial statements.

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Net (Disbursements) Receipts and Changes in Net Position

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Governmental Activities	Business-Type Activities	Total
(\$72,977)	\$0	(\$72,977)
(2,954)	0	(2,954)
2,225	0	2,225
5,154	0	5,154
(54,917)	0	(54,917)
(128,855)	0	(128,855)
(18,996)	0	(18,996)
(7,500)	0	(7,500)
(17,556)	0	(17,556)
(296,376)	0	(296,376)
0	(647,621)	(647,621)
0	(2,370)	(2,370)
0	0	0
0	18,506	18,506
0	15,163	15,163
0	(616,322)	(616,322)
(296,376)	(616,322)	(912,698)
122,889	0	122,889
4,513	0	4,513
162,951	0	162,951
77,347	385,470	462,817
0	320,029	320,029
12,007	1,490	13,497
18,121	16,702	34,823
(3,868)	3,868	0
12,726	(12,726)	0
406,686	714,833	1,121,519
110,310	98,511	208,821
161,691	1,251,953	1,413,644
\$272,001	\$1,350,464	\$1,622,465

**Village of New Madison, Ohio**  
*Darke County*  
*Statement of Assets and Fund Balances - Modified Cash Basis*  
*Governmental Funds*  
*December 31, 2019*

	General	Wastewater Levy Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$167,490	\$7,132	\$97,379	\$272,001
<i>Total Assets</i>	<u>\$167,490</u>	<u>\$7,132</u>	<u>\$97,379</u>	<u>\$272,001</u>
<b>Fund Balances</b>				
Nonspendable	\$0	\$0	\$2,022	\$2,022
Restricted	0	7,132	95,357	102,489
Assigned	165,263	0	0	165,263
Unassigned (Deficit)	2,227	0	0	2,227
<i>Total Fund Balances</i>	<u>\$167,490</u>	<u>\$7,132</u>	<u>97,379</u>	<u>\$272,001</u>

See accompanying notes to the basic financial statements.

**Village of New Madison, Ohio**  
*Darke County*  
*Statement of Receipts, Disbursements and Changes Fund Balances - Modified Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2019*

	General	Wastewater Levy Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Municipal Income Taxes	\$162,951	\$0	\$0	\$162,951
Property Taxes	31,841	27,352	63,696	122,889
Other Local Taxes	0	0	4,513	4,513
Intergovernmental	60,529	4,836	58,453	123,818
Charges for Services	68,511	0	0	68,511
Fines, Licenses and Permits	35	0	2,200	2,235
Earnings on Investments	12,007	0	0	12,007
Miscellaneous	17,191	0	930	18,121
	<u>353,065</u>	<u>32,188</u>	<u>129,792</u>	<u>515,045</u>
<i>Total Receipts</i>				
<b>Disbursements</b>				
Current:				
Security of Persons and Property	17,270	0	55,707	72,977
Public Health Services	2,954	0	0	2,954
Basic Utility Services	63,357	0	0	63,357
Transportation	38,770	0	62,618	101,388
General Government	127,676	0	1,189	128,865
Capital Outlay	0	0	18,996	18,996
Debt Service:				
Principal Retirement	0	7,500	0	7,500
Interest and Fiscal Charges	0	17,556	0	17,556
	<u>250,027</u>	<u>25,056</u>	<u>138,510</u>	<u>413,593</u>
<i>Total Disbursements</i>				
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>103,038</u>	<u>7,132</u>	<u>(8,718)</u>	<u>101,452</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(3,868)	0	0	(3,868)
Advances In	12,726	0	0	12,726
	<u>8,858</u>	<u>0</u>	<u>0</u>	<u>8,858</u>
<i>Total Other Financing Sources (Uses)</i>				
<i>Net Change in Fund Balances</i>	111,896	7,132	(8,718)	110,310
<i>Fund Balances Beginning of Year</i>	<u>55,594</u>	<u>0</u>	<u>106,097</u>	<u>161,691</u>
<i>Fund Balances End of Year</i>	<u>\$167,490</u>	<u>\$7,132</u>	<u>\$97,379</u>	<u>\$272,001</u>

See accompanying notes to the basic financial statements.

**Village of New Madison, Ohio**  
*Darke County*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2019*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Municipal Income Taxes	\$150,987	\$150,987	\$162,951	\$11,964
Property Taxes	36,280	36,280	31,841	(4,439)
Intergovernmental	35,188	35,188	60,529	25,341
Charges for Services	73,254	73,254	68,511	(4,743)
Fines, Licenses and Permits	240	240	35	(205)
Earnings on Investments	3,320	3,320	12,007	8,687
Miscellaneous	6,500	6,500	17,191	10,691
<i>Total Receipts</i>	<u>305,769</u>	<u>305,769</u>	<u>353,065</u>	<u>47,296</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	19,886	17,886	17,270	616
Public Health Services	4,182	4,182	2,954	1,228
Basic Utility Services	74,061	74,061	63,358	10,703
Transportation	41,294	41,294	39,011	2,283
General Government	160,972	162,972	130,200	32,772
Capital Outlay	24,500	24,500	0	24,500
<i>Total Disbursements</i>	<u>324,895</u>	<u>324,895</u>	<u>252,793</u>	<u>72,102</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(19,126)</u>	<u>(19,126)</u>	<u>100,272</u>	<u>119,398</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(38,218)	(38,218)	(3,868)	34,350
Advances In	0	0	12,726	12,726
<i>Total Other Financing Sources (Uses)</i>	<u>(38,218)</u>	<u>(38,218)</u>	<u>8,858</u>	<u>47,076</u>
<i>Net Change in Fund Balance</i>	<u>(57,344)</u>	<u>(57,344)</u>	<u>109,130</u>	<u>166,474</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	52,395	52,395	52,395	0
Prior Year Encumbrances Appropriated	3,199	3,199	3,199	0
<i>Unencumbered Fund Balance End of Year</i>	<u><u>(\$1,750)</u></u>	<u><u>(\$1,750)</u></u>	<u><u>\$164,724</u></u>	<u><u>\$166,474</u></u>

See accompanying notes to the basic financial statements.



**Village of New Madison, Ohio**  
*Darke County*  
*Statement of Fund Net Position - Modified Cash Basis*  
*Proprietary Funds*  
*December 31, 2019*

	Business-Type Activities					Total Enterprise Funds
	Water Operating	Water Tower	Water Usage Overage	Sewer Operating	Other Enterprise Funds	
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$262,096	\$19,805	\$151,180	\$845,958	\$3,507	\$1,282,546
Investments	0	0	0	67,918	0	67,918
<i>Total Assets</i>	<u>\$262,096</u>	<u>\$19,805</u>	<u>\$151,180</u>	<u>\$913,876</u>	<u>\$3,507</u>	<u>\$1,350,464</u>
<b>Net Position</b>						
Restricted for:						
Capital Projects	\$0	\$19,805	\$151,180	\$0	\$0	\$170,985
Unrestricted	262,096	-	-	913,876	3,507	1,179,479
<i>Total Net Position</i>	<u>\$262,096</u>	<u>\$19,805</u>	<u>\$151,180</u>	<u>\$913,876</u>	<u>\$3,507</u>	<u>\$1,350,464</u>

See accompanying notes to the basic financial statements.

**Village of New Madison, Ohio**  
*Darke County*  
*Statement of Receipts, Disbursements and Changes in Fund Net Position - Modified Cash Basis*  
*Proprietary Funds*  
*For the Year Ended December 31, 2019*

	Business-Type Activities					Total Enterprise Funds
	Water Operating	Water Tower	Water Usage Overage	Sewer Operating	Other Enterprise Funds	
<b>Operating Receipts</b>						
Charges for Services	\$158,885	\$0	\$0	\$282,569	\$15,163	\$456,617
Miscellaneous	4,491	0	0	12,171	0	16,662
<i>Total Operating Receipts</i>	<u>163,376</u>	<u>0</u>	<u>0</u>	<u>294,740</u>	<u>15,163</u>	<u>473,279</u>
<b>Operating Disbursements</b>						
Personal Services	33,598	0	0	30,664	0	64,262
Employee Fringe Benefits	6,002	0	0	6,001	0	12,003
Contractual Services	25,223	2,370	0	50,378	0	77,971
Supplies and Materials	36,915	0	0	38,035	0	74,950
<i>Total Operating Disbursements</i>	<u>101,738</u>	<u>2,370</u>	<u>0</u>	<u>125,078</u>	<u>0</u>	<u>229,186</u>
<i>Operating Income (Loss)</i>	<u>61,638</u>	<u>(2,370)</u>	<u>0</u>	<u>169,662</u>	<u>15,163</u>	<u>244,093</u>
<b>Non-Operating Receipts (Disbursements)</b>						
Intergovernmental	385,470	0	0	0	0	385,470
Earnings on Investments	0	0	0	1,490	0	1,490
Loans Issued	320,029	0	0	0	0	320,029
Miscellaneous Receipts	40	0	0	0	0	40
Capital Outlay	(704,768)	0	0	(4,748)	0	(709,516)
Principal Retirement	0	0	0	(57,700)	0	(57,700)
Interest and Other Fiscal Charges	0	0	0	(76,537)	0	(76,537)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>771</u>	<u>0</u>	<u>0</u>	<u>(137,495)</u>	<u>0</u>	<u>(136,724)</u>
<i>Income (Loss) before Transfers and Advances</i>	62,409	(2,370)	0	32,167	15,163	107,369
Transfers In	1,934	8,547	17,439	38,442	0	66,362
Transfers Out	(25,986)	0	0	(36,508)	0	(62,494)
Advances Out	0	0	0	0	(12,726)	(12,726)
<i>Change in Net Position</i>	38,357	6,177	17,439	34,101	2,437	98,511
<i>Net Position Beginning of Year</i>	<u>223,739</u>	<u>13,628</u>	<u>133,741</u>	<u>879,775</u>	<u>1,070</u>	<u>1,251,953</u>
<i>Net Position End of Year</i>	<u>\$262,096</u>	<u>\$19,805</u>	<u>\$151,180</u>	<u>\$913,876</u>	<u>\$3,507</u>	<u>\$1,350,464</u>

See accompanying notes to the basic financial statements.

**Village of New Madison, Ohio**  
*Darke County*  
*Statement of Cash Flows - Modified Cash Basis*  
*Proprietary Funds*  
*For the Year Ended December 31, 2019*

	Business-Type Activities				Other Enterprise Funds	Total Enterprise Funds
	Water Operating	Water Tower	Water Usage Overage	Sewer Operating		
<b>Increase (Decrease) in Cash and Cash Equivalents</b>						
<b>Cash Flows from Operating Activities</b>						
Cash Received from Customers	\$158,885	\$0	\$0	\$282,569	\$15,163	\$456,617
Other Cash Receipts	4,491	0	0	12,171	0	16,662
Cash Payments to Employees for Services	(33,598)	0	0	(30,664)	0	(64,262)
Cash Payments for Employee Benefits	(6,002)	0	0	(6,001)	0	(12,003)
Cash Payments for Goods and Services	(62,138)	(2,370)	0	(88,413)	0	(152,921)
<i>Net Cash Provided by (Used in)</i> <i>Operating Activities</i>	<u>61,638</u>	<u>(2,370)</u>	<u>0</u>	<u>169,662</u>	<u>15,163</u>	<u>244,093</u>
<b>Cash Flows from Noncapital Financing Activities</b>						
Operating Grants Received	385,470	0	0	0	0	385,470
Other Cash Receipts	40	0	0	0	0	40
Advances Out	0	0	0	0	(12,726)	(12,726)
Transfers In	1,934	8,547	17,439	38,442	0	66,362
Transfers Out	(25,986)	0	0	(36,508)	0	(62,494)
<i>Net Cash Provided by (Used in)</i> <i>Noncapital Financing Activities</i>	<u>361,458</u>	<u>8,547</u>	<u>17,439</u>	<u>1,934</u>	<u>(12,726)</u>	<u>376,652</u>
<b>Cash Flows from Capital and Related Financing Activities</b>						
Proceeds from Sale of Debt	320,029	0	0	0	0	320,029
Principal Paid on Bonds	0	0	0	(57,700)	0	(57,700)
Interest Paid on Bonds	0	0	0	(76,537)	0	(76,537)
Payments for Capital Acquisitions	(704,768)	0	0	(4,748)	0	(709,516)
<i>Net Cash Provided by (Used in) Capital and Related Financing Activities</i>	<u>(384,739)</u>	<u>0</u>	<u>0</u>	<u>(138,985)</u>	<u>0</u>	<u>(523,724)</u>
<b>Cash Flows from Investing Activities</b>						
Interest on Investments	0	0	0	1,490	0	1,490
<i>Net Cash Provided by (Used in)</i> <i>Investing Activities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,490</u>	<u>0</u>	<u>1,490</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<u>38,357</u>	<u>6,177</u>	<u>17,439</u>	<u>34,101</u>	<u>2,437</u>	<u>98,511</u>
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>223,739</u>	<u>13,628</u>	<u>133,741</u>	<u>879,775</u>	<u>1,070</u>	<u>1,251,953</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$262,096</u>	<u>\$19,805</u>	<u>\$151,180</u>	<u>\$913,876</u>	<u>\$3,507</u>	<u>\$1,350,464</u>

See accompanying notes to the basic financial statements.

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**Village of New Madison, Ohio**  
*Darke County*  
*Notes to the Basic Financial Statements*  
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**Note 1 – Reporting Entity**

The Village of New Madison (the Village), Darke County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly elected six-member Council.

The reporting entity is composed of the primary government. The Village’s management believes these financial statements present all activities for which the Village is financially accountable.

***Primary Government***

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The primary government of the Village of New Madison provides the following services to its citizens: Water and sewer utilities and park operations. The Village contracts with the Darke County Sheriff’s department to provide security of persons and property, New Madison Fire Department Association to receive fire protection services, and Tri-Village Joint Ambulance District for rescue services.

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

As discussed further in the “Basis of Accounting” section of this note, 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. Following are the more significant of the Village’s accounting policies.

***Basis of Presentation***

The Village’s basic financial statements consist of government-wide financial statements, including a statement of net position 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 position 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 in nature and those that are considered business-type activities. 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.

**Village of New Madison, Ohio**  
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The statement of net position presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each program or function of the Village's governmental activities 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, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants required to be used to support 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 program or business activity is self-financing on a modified cash basis or draws from the general receipts of the Village.

***Fund Financial Statements*** During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order 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.

Proprietary fund statements distinguish operating transactions from nonoperating 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 nonoperating.

***Fund Accounting***

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

***Governmental Funds*** Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds:

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

***Wastewater Levy Debt Service Fund*** This debt fund receives property tax levy proceeds to pay for debt and interest on General Obligation bonds.

The other governmental funds of the Village account for and report grants and other resources whose use is restricted, committed or assigned 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 funds or internal service funds.

***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 following are the Village's major enterprise funds:

**Village of New Madison, Ohio**  
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***Water Operating Fund*** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

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

***Water Tower Fund*** The water tower fund receives charges for services from residents to cover the construction of the new water tower through monthly transfers.

***Water Usage Overage Fund*** Water usage overages are transferred to this fund quarterly and are used for the construction of the new water tower.

***Basis of Accounting***

The Village's financial statements are prepared using the modified cash basis of accounting. 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. Any such modifications made by the Village are described in the appropriate section in this note.

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 or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

***Budgetary Process***

All funds, except custodial 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 Village Council may appropriate.

The appropriations ordinance is Village Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by Village Council. The legal level of control has been established by Village Council 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 decreases in receipts are identified by the Village Clerk. 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 certificated of estimated resources in effect at the time final appropriations were passed by 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 Village Council during the year.

**Village of New Madison, Ohio**  
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***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.

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 2019, the Village invested in nonnegotiable certificates of deposit and STAR Ohio. Investments are reported at cost, except for STAR Ohio.

STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The Village measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2019 was \$12,007.

***Restricted Assets***

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

***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.



**Village of New Madison, Ohio**  
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***Interfund 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.

***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.

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

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

***Long-Term Obligations***

The Village's modified cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

***Net Position***

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for fire operations, police operations, and road maintenance and improvements.

The Village's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

***Fund Balance***

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

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

**Village of New Madison, Ohio**  
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Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party, such as citizens, public interest groups, or the judiciary, to use resources created by enabling legislation only for the purposes specified by the legislation.

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution, as both are equally binding) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution, as both are equally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Village Council or a Village official delegated that authority by resolution or by State Statute. State Statute authorizes the Village Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

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

***Internal Activity***

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

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

**Village of New Madison, Ohio**  
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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 nonoperating 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.

**Note 3 – 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 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 are as follows:

1. Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (*modified* cash basis).
2. Outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (*modified* cash basis).
3. Unreported interest is reported on the statement of *modified* receipts, disbursements, and changes in fund balances (cash basis), but not on the budgetary basis.

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

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 318,494	\$ 353,065	\$ 34,571
Special Revenue	250,054	129,792	(120,262)
Debt Service	31,558	32,188	630
Enterprise	1,644,613	1,246,670	(397,943)
Total	\$ 2,244,719	\$ 1,761,715	\$ (483,004)

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 361,352	\$ 252,793	\$ 108,559
Special Revenue	249,335	138,510	110,825
Debt Service	31,558	25,056	6,502
Enterprise	2,505,224	1,136,262	1,368,962
Total	\$ 3,147,469	\$ 1,552,621	\$ 1,594,848

**Village of New Madison, Ohio**  
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**Note 4 – Deposits and Investments**

State statutes classify monies held by the Village into three categories.

Active deposits 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.

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment.

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;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (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;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);

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7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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. Except as noted above, 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 Treasurer 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 \$1,554,547 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

***Deposits***

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 the Village and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

***Investments***

The fair value of these investments is not materially different from measurement value. As of December 31, 2019, the Village had the following investments:

	Measurement Value
Certificates of Deposit	\$ 67,918
STAR Ohio	1,009,316
Total Portfolio	\$ 1,077,234

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***Credit Risk*** 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.

**Note 5 – Taxes**

***Property Taxes***

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2019 for real and public utility property taxes represents collections of 2018 taxes.

2019 real property taxes are levied after October 1, 2019, on the assessed value as of January 1, 2019, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2019 real property taxes are collected in and intended to finance 2020.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2019 public utility property taxes which became a lien December 31, 2020, are levied after October 1, 2019, and are collected in 2020 with real property taxes.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

***Income Taxes***

The Village levies a one percent income tax on substantially all income earned in the Village. In addition, Village residents employed in municipalities having an income tax less than one percent must pay the difference to the Village. Additional increases in the income tax rate require voter approval. The Village uses Central Collection Agency for income tax administration and collection.

**Note 6 – Interfund Balances and Transfers**

***Advances***

During 2019, the general fund received an advance from the storm sewer fund in the amount of \$12,726, which was a repayment of a prior year advance. There were no advances outstanding as of December 31, 2019.

**Village of New Madison, Ohio**  
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**Note 7 – Risk Management**

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

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

**Note 8 – Defined Benefit Pension Plans**

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description – Village employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

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<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b>	<b>Traditional Plan Formula:</b>	<b>Traditional Plan Formula:</b>
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b>	<b>Combined Plan Formula:</b>	<b>Combined Plan Formula:</b>
1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>
Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>
Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Traditional Plan Formula:</b>	<b>Traditional Plan Formula:</b>	<b>Traditional Plan Formula:</b>
2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, current law provides for a 3 percent COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.



**Village of New Madison, Ohio**  
*Darke County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2019*

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of their benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	Public Safety	Law Enforcement
<b>2020 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee ***	10.0 %	*	**
<b>2020 Actual Contribution Rates</b>			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0	0.0	0.0
<b>Total Employer</b>	<b>14.0 %</b>	<b>18.1 %</b>	<b>18.1 %</b>
<b>Employee</b>	<b>10.0 %</b>	<b>12.0 %</b>	<b>13.0 %</b>
*	This rate is determined by OPERS' Board and has no maximum rate established by ORC.		
**	This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.		
***	Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.		
****	This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4 percent.		

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

**Village of New Madison, Ohio**  
*Darke County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2019*

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The Village's contractually required contribution was \$27,855 for the year 2019.

***Social Security***

One of the Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

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

**Note 9 – Postemployment Benefits**

***Ohio Public Employees Retirement System***

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

**Village of New Madison, Ohio**  
*Darke County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2019*

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, State and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2020, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2020 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$27,855 for 2019.

**Note 10 – Debt**

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
USDA Mortgage Revenue Bond 92-01	\$1,301,900	4.75%
USDA Mortgage Revenue Bond 92-03	276,700	4.75%
USDA General Obligation Bond 92-05	362,100	4.75%
Ohio Public Works Commission Loan	87,500	0.00%
Ohio Public Works Water Tower Project	320,029	0.00%
Total	<u>\$2,348,229</u>	

The United States Department of Agriculture (USDA) mortgage revenue bonds relate to a water and sewer plant construction project the Ohio Environmental Protection Agency mandated. The Village will repay the bonds in annual installments including interest, over 40 years. Water and sewer receipts collateralize the bonds. The Village has agreed to set utility rates sufficient to cover USDA debt service requirements.

The Village issued general obligation bonds to assist in financing of a water and sewer plant construction project. This is being repaid with property tax receipts, and the Village will repay this bond in annual installments with interest over 40 years. The Village's taxing authority collateralized the bonds.

The Ohio Public Works Commission loan is an interest-free loan, which was obtained to aid in construction of the water and sewer project. This loan is being repaid in semi-annual installments of \$12,500. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Village was awarded \$1,000,000 by the Ohio Public Works Commission (OPWC) on July 1, 2018, for the water tower project (CK07V). Of this amount, \$400,000 was from a grant and \$600,000 was from a loan. During the year ended December 31, 2019, the Village drew down \$320,029 in loan proceeds. The project is not yet complete. An amortization schedule will be established upon completion of the project.

**Village of New Madison, Ohio**  
*Darke County*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2019*

***Amortization***

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

Year Ending December 31:	USDA Mortgage Revenue	USDA General Obligation	OPWC Loan
2020	\$ 109,184.00	\$ 25,100.00	\$ 25,000.00
2021	\$ 109,259.00	\$ 25,025.00	\$ 25,000.00
2022	\$ 109,154.00	\$ 25,035.00	\$ 25,000.00
2023	\$ 109,273.00	\$ 25,027.00	\$ 12,500.00
2024	\$ 109,201.00	\$ 25,099.00	\$ -
2025-2029	\$ 546,112.00	\$ 125,213.00	\$ -
2030-2034	\$ 546,015.00	\$ 125,296.00	\$ -
2035-2039	\$ 546,149.00	\$ 125,265.00	\$ -
2040-2044	\$ 546,049.00	\$ 125,241.00	\$ -
Total	\$ 2,730,396.00	\$ 626,301.00	\$ 87,500.00

**Note 11 – Contingent Liabilities**

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.

**Note 12 – Subsequent Event**

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

**Note 13 – Change in Basis of Accounting and Restatement of Net Position/Fund Equity**

Last year the Village reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor’s Office. This year the Village has implemented the modified cash basis of accounting described in Note 2. 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.

# OHIO AUDITOR OF STATE KEITH FABER



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WestRegion@ohioauditor.gov

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

Village of New Madison  
Darke County  
124 South Harrison Street  
P.O. Box 15  
New Madison, Ohio 45346

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of New Madison, Darke County, (the Village) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated, November 12, 2021, wherein we noted the Village elected to change its financial presentation to a modified cash basis comparable to the requirements of *Governmental Accounting Standards*. We also noted that the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village.

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

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 12, 2021

**VILLAGE OF NEW MADISON  
DARKE COUNTY**

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

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

**Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Village prepared its annual financial statements in accordance with a special purpose framework Other Comprehensive Basis of Accounting (OCBOA). The Village did not have procedures in place to accurately report financial activity. The Village's financial reports for 2019 and 2020 contained errors which resulted in reclassifications and adjustments to the financial statements and accounting system to correctly report the financial activity during the period as follows:

- In 2019, the mortgage revenue bond and the general obligation bond payments were made from the Rural Development Debt Service Fund and the Wastewater Levy Debt Service Fund. However, the payments for principal and interest were not properly classified. This resulted in the Rural Development Debt Service Fund principal being understated by \$17,556 and interest being overstated by \$17,556. This also resulted in the Wastewater Levy Debt Service Fund interest being understated by \$17,556 and principal being overstated by \$17,556.
- In 2019, permissive tax money totaling \$2,254 was incorrectly recorded as Other Local Taxes instead of Intergovernmental Revenue in the Permissive Motor Vehicle License Tax Fund.
- In 2019, homestead and rollback receipts were incorrectly recorded as Property Tax instead of Intergovernmental Revenue in General Fund (\$2,765), Road Construction Fund (\$751), Fire Fund (\$2,022), Police Fund (\$2,091) and Wastewater Levy Debt Service Fund (\$2,418).
- The Village posted an Ohio Public Works Commission (OPWC) on behalf payment in the amount of \$14,530 in 2018. This on behalf payment was posted again in 2019 resulting in an overstatement of Intergovernmental Receipts and Capital Outlay in the Other Capital Projects Fund – Water Tower.
- In 2019, the Village posted a receipt in the amount of \$5,479 as a receipt in the Water Tower Fund and as an on behalf payment in the Other Capital Projects – Water Tower Fund resulting in overstatement of Special Assessment Receipts in the Water Tower Fund and an overstatement of Capital Outlay in the Other Capital Projects – Water Tower Fund.
- In 2019, Ohio Public Works Commission on behalf payments for the water tower project totaling \$143,251 were not recorded resulting in an understatement of Intergovernmental Revenue and Capital Outlay in the Other Capital Projects – Water Tower Fund.
- In 2019, the Village recorded a park grant in the amount of \$13,275 as Miscellaneous Revenue instead of Intergovernmental Revenue in the General Fund.
- In 2019, charges for services in the Sewer Fund were incorrectly reported as Special Assessment revenues rather than Charges for Services in the amount of \$282,569.
- In 2020, the mortgage revenue bond and the general obligation bond payments were made from the Rural Development Debt Service Fund and the Wastewater Levy Debt Service Fund. However, the payments for principal and interest were not properly classified. This resulted in the Rural Development Debt Service Fund principal being understated by \$33,461 and interest being overstated by \$33,414, which leaves \$(47) posted incorrectly to this fund. This also resulted in the Wastewater Levy Debt Service Fund interest being understated by \$17,200 and principal overstated by \$17,247, which leaves \$47 posted incorrectly to this fund.

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

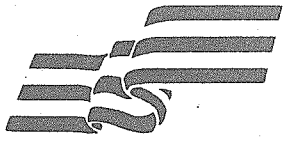
- In 2020, homestead and rollback receipts were incorrectly recorded as Property Tax instead of Intergovernmental Revenue in General Fund (\$5,556), Road Construction Fund (\$1,502), Fire Fund (\$4,038), Police Fund (\$4,184) and Wastewater Levy Debt Service Fund (\$5,522). The amount of homestead and rollback was also incorrectly recorded resulting in fund balance decreases in the General Fund (\$152), Road Construction Fund (\$176), Fire Fund (\$182) and Police Levy Fund (\$176) and a fund balance increase in the Wastewater Levy Debt Service Fund of \$686.
- In 2020, permissive tax money totaling \$4,350 was incorrectly recorded as Intergovernmental Revenue instead of Other Local Taxes in the Permissive Motor Vehicle License Tax Fund.
- In 2020, the Village mapped the activity from the Other Capital Outlay-Water Tower Fund into Other Governmental Funds instead of the Water Operating Fund resulting in Loan Proceeds and Capital Outlay being overstated by \$50,297 in Other Governmental Funds and Loans Issued and Capital Outlay being understated by \$50,297 in the Water Operating Fund.
- Governmental Accounting Standards Board (GASB) Statement No. 54 paragraph 16 (GASB Codification 1800.176 - Fund Balance Reporting and Governmental Fund Type Definitions), states an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance. In addition, Auditor of State Bulletin 2011-004 states that when the appropriation measure is adopted for the subsequent year, and those appropriations exceed estimated receipts, the excess is to be assigned as it uses existing fund balance at year-end. This would be applicable only to the General Fund, as it is the only fund with a positive unassigned fund balance. At December 31, 2020 and 2019, General Fund subsequent year appropriations in excess of estimated receipts, in the amount of \$189,449 and \$165,263, respectively, was classified as Unassigned Fund Balance instead of Assigned Fund Balance.
- In 2019, original and final budgeted receipts for the General Fund were understated by \$12,726 and original and final budgeted disbursements were understated by \$4,961.
- In 2020, original and final budgeted disbursements were overstated by \$1,609.

Failure to properly record financial activity could lead to material financial statement errors and misleading financial statement information. Policies and procedures should be developed and implemented to verify that all financial activity is recorded correctly. To assist in this process, the Village should review the Uniform Accounting Network (UAN) chart of accounts. The Village should implement procedures to review GASB 54 requirements, including Auditor of State Bulletin 2020-008, and apply these requirements to all financial statement and footnote disclosures.

**Officials' Response:**

The Village did not provide a response to this finding.





# Village of New Madison

Incorporated 1845



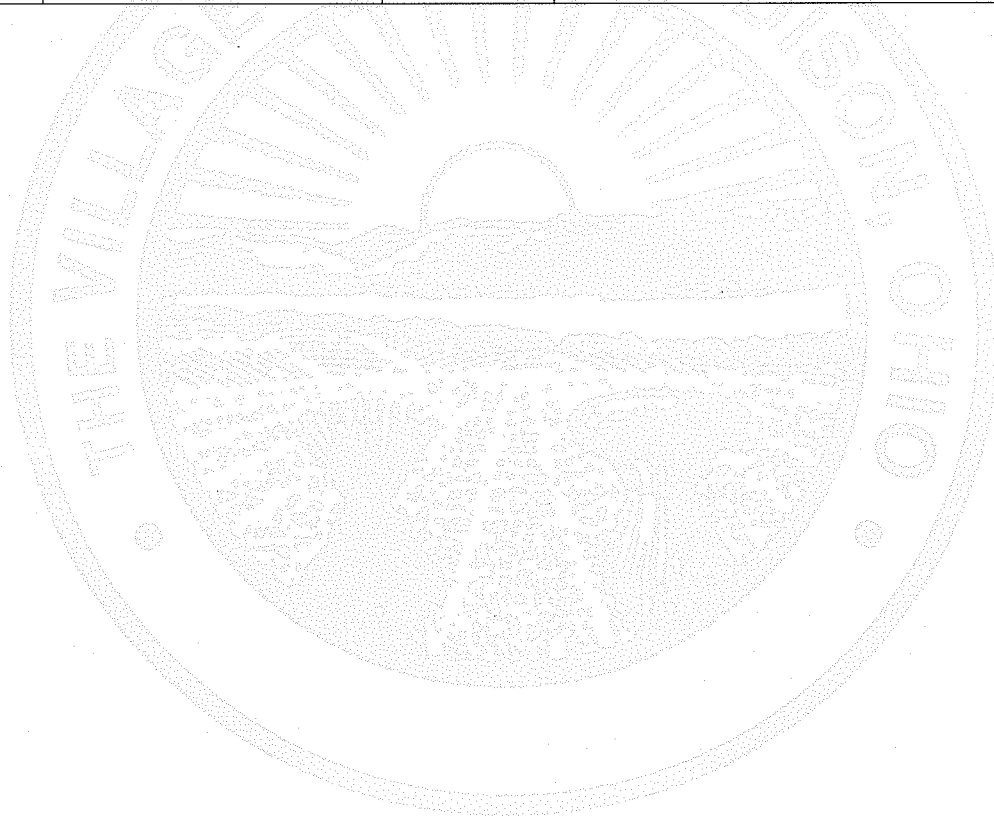
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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2020 AND 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	The Village's financial statements included numerous errors	Not Corrected	Re-issued as Finding 2020-001 Corrections in process
2018-002	Appropriations were not properly posted to the accounting system	Not Corrected	Re-issued as Management Letter comment Corrections in process



# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF NEW MADISON**

**DARKE COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 12/28/2021**

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

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