



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF NEW LONDON
HURON COUNTY

SINGLE AUDIT/REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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OHIO AUDITOR OF STATE
KEITH FABER



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

We have reviewed the *Independent Auditor's Report* of the Village of New London, Huron County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2020 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

September 11, 2024

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VILLAGE OF NEW LONDON
HURON COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2021

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VILLAGE OF NEW LONDON
HURON COUNTY
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For the Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of New London, Huron County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2021, or the changes in financial position or, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

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

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

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

Emphasis of Matter

As discussed in Note 15 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

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

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

Other Reporting Required by Government Auditing Standards

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



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

Village of New London, Ohio
Huron County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 72,734	\$ 21,893	\$ -	\$ 94,627
Municipal Income Tax	489,152	240,926	-	730,078
Intergovernmental	119,358	331,187	-	450,545
Charges for Services	1,280	413,696	55,535	470,511
Fines, Licenses and Permits	28,286	6,963	-	35,249
Earnings on Investments	4,749	535	-	5,284
Miscellaneous	18,844	3,615	3,665	26,124
<i>Total Cash Receipts</i>	<u>734,403</u>	<u>1,018,815</u>	<u>59,200</u>	<u>1,812,418</u>
Cash Disbursements				
Current:				
Security of Persons and Property	-	474,594	-	474,594
Public Health Services	-	21,789	-	21,789
Leisure Time Activities	-	357,506	-	357,506
Community Environment	4,379	-	-	4,379
Transportation	-	153,633	-	153,633
General Government	417,290	85,227	-	502,517
Capital Outlay	76,923	155,065	35,619	267,607
Debt Service:				
Principal Retirement	-	18,030	16,962	34,992
Interest and Fiscal Charges	-	6,272	991	7,263
<i>Total Cash Disbursements</i>	<u>498,592</u>	<u>1,272,116</u>	<u>53,572</u>	<u>1,824,280</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>235,811</u>	<u>(253,301)</u>	<u>5,628</u>	<u>(11,862)</u>
Other Financing Receipts (Disbursements)				
Transfers In	11,000	255,000	-	266,000
Transfers Out	(260,000)	(6,000)	-	(266,000)
Other Financing Sources	12,320	9,881	700	22,901
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(236,680)</u>	<u>258,881</u>	<u>700</u>	<u>22,901</u>
Special Item	26	-	-	26
Extraordinary Item	4,584	-	-	4,584
<i>Net Change in Fund Cash Balances</i>	<u>3,741</u>	<u>5,580</u>	<u>6,328</u>	<u>15,649</u>
<i>Fund Cash Balances, January 1</i>	<u>487,635</u>	<u>439,922</u>	<u>47,091</u>	<u>974,648</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 491,376</u>	<u>\$ 445,502</u>	<u>\$ 53,419</u>	<u>\$ 990,297</u>

See accompanying notes to the basic financial statements

Village of New London, Ohio
Huron County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2021

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 2,359,324
<i>Total Operating Cash Receipts</i>	<i>2,359,324</i>
Operating Cash Disbursements	
Personal Services	726,364
Employee Fringe Benefits	311,323
Contractual Services	437,736
Supplies and Materials	217,809
Other	12,469
<i>Total Operating Cash Disbursements</i>	<i>1,705,701</i>
<i>Operating Income (Loss)</i>	<i>653,623</i>
Non-Operating Receipts (Disbursements)	
Intergovernmental Receipts	80,294
Earnings on Investments	104
Other Debt Proceeds	4,465,602
Capital Outlay	(801,841)
Principal Retirement	(3,766,550)
Interest and Other Fiscal Charges	(85,657)
Other Financing Sources	3,288
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(104,760)</i>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	<i>548,863</i>
Transfers In	301,333
Transfers Out	(301,333)
<i>Net Change in Fund Cash Balances</i>	<i>548,863</i>
<i>Fund Cash Balances, January 1</i>	<i>1,169,842</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 1,718,705</i>

See accompanying notes to the basic financial statements

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(Continued)**

1. Reporting Entity

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

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

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. Note 6 to the financial statements provides additional information for this entity.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

2. Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

General Fund

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

Special Revenue Funds

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

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

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

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(Continued)**

Capital Project Funds

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

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

Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

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

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

Appropriations

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

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

VILLAGE OF NEW LONDON
HURON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(Continued)

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2021 budgetary activity appears in Note 3.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

Restricted

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

Committed

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

Assigned

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

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(Continued)**

Unassigned

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

3. Budgetary Activity

Budgetary activity for the year ended December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$605,289	\$762,333	\$157,044
Special Revenue	1,334,509	1,283,696	(50,813)
Capital Projects	59,650	59,900	250
Enterprise	5,737,973	7,209,945	1,471,972
Total	\$7,737,421	\$9,315,874	\$1,578,453
2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,100,942	\$768,213	\$332,729
Special Revenue	1,766,633	1,285,339	481,294
Capital Projects	102,163	53,608	48,555
Enterprise	6,507,762	6,661,082	(153,320)
Total	\$9,477,500	\$8,768,242	\$709,258

4. Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	2021
Demand deposits	\$1,583,409
Certificates of deposit	111,086
Other time deposits (savings accounts)	1,014,507
Total deposits	\$2,709,002

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(Continued)**

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the village is holding \$0.00 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village, or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

5. Taxes

Property taxes

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

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

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

Income Taxes

The Village levies a municipal income tax of one- and one-half percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

6. Risk Management

Risk Pool Membership

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

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(Continued)**

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

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

	<u>2021</u>
Cash and Investments	\$41,996,850
Actuarial Liabilities	\$14,974,099

7. Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The majority of Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2021.

Social Security

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

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(Continued)**

8. Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

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

9. Debt

Debt outstanding at December 31, 2021 was as follows:

	Principal	Interest Rate
Governmental Lease-Purchase Agreement-Garbage Truck	\$131,819	4.99%
Mortgage Revenue Bonds - Series 2013	185,000	1-3%
OWDA Refinance San Sew System Mortgage Rev Bonds - Series 2013	3,449,992	2.13%
Sanitary Sewer System Mortgage Rev Bonds - Series 2021	948,051	1.38%
Fire Truck Bond - 2012	7,919	3.50%
Master Lease Purchase Agreement for Equipment	100,166	3.09%
Master Lease Purchase Agreement for Mowers	18,930	3.39%
Master Lease Purchase Agreement for Vac Truck	60,745	4.15%
OPWC Water Treatment Plant Improvement Engineering	569,403	0.00%
OWDA Asset Management Loan	(1,899)	0.00%
OWDA Water Treatment Plant Improvements Loan	1,833,060	0.00%
OWDA WWTP Headworks Project Engineering	176,055	3.42%
OWDA Reservoir Campground Pump Station	188,872	2.53%
OPWC Birch Park Drive Improvements	82,546	0.00%
OWDA Lead Service Line Replacement	25,338	0.00%
Total	<u>\$7,775,997</u>	

The Governmental Lease-Purchase Agreement No. 001-0746283-300 dated as of July 6, 2018 was issued for a new garbage truck. The Village borrowed \$188,500.00 for the truck and it will be paid semiannually over the next seven years at an interest rate of 4.99%. The first payment was made in July of 2019. This lease will be paid in full in 2025.

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(Continued)**

The Mortgage Revenue Bonds – Series 2013 were issued to refinance the bonds issued in 1997 for a water plant expansion project. The bonds are collateralized by water receipts. The bonds contain an interest rate from 1% to 3% depending on the year, with the lender billing the Village monthly. For 2021 the interest rate was 3%. The original amount of the Bond was \$1,690,000.00. It will be paid off at the end of 2022.

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

The Sanitary Sewer System Mortgage Revenue Bonds – Series 2013 were issued to upgrade the Village's sanitary sewer system. The bonds are collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover debt service requirements. The maximum amount the bonds have been approved for is \$2,156,000. As of 2021, the Village has received cash advances for the bonds totaling \$948,051.00. As the bonds have not been fully disbursed, an amortization schedule has not yet been finalized.

The Village entered into a fire truck bond to finance the purchase of a fire truck in 2012. This bond was originally for \$75,000.00 at an interest rate of 3.5%. The village pays this bond once each year for 10 years. The fire truck will be paid in full in 2022.

The Government Obligation Contract Lease was issued in 2017 for new turnout gear for the fire department. The Village borrowed \$40,000 at an interest rate of 4.9% for the gear and paid on the lease for five years. This lease was paid in full in 2021.

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

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

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

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

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(Continued)**

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

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

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

Year Ending December 31:	Kubota Mowers Lease	Equipment Lease	Garbage Truck Lease	Vac Truck Lease	OPWC Water Treatment Plan Improvements Engineering Loan
2022	\$6,176	\$20,742	\$33,108	\$31,964	\$19,979
2023	6,176	20,742	33,108	31,964	19,979
2024	6,176	20,742	33,108		19,979
2025	1,544	20,742	33,108		19,979
2026		20,742			19,979
2027-2031		5,186			99,895
2032-2036					99,895
2037-2041					99,895
2042-2046					99,895
2047-2051					69,928
Total	\$20,072	\$108,896	\$132,432	\$63,928	\$569,403

Year Ending December 31:	OWDA Rez Pump Station Loan	US BANK Mortgage Revenue Bonds - Series 2013	OWDA Refinanced Sanitary Sewer System Mortgage Revenue Bonds - Series 2013	Fire Truck Bonds - 2012	OPWC Birch Park Drive Improvement
2022	\$14,806	\$190,550	\$65,470	\$8,196	\$4,586
2023	14,806	0	130,939	0	4,586
2024	14,806	0	130,939	0	4,586
2025	14,806	0	130,939	0	4,586
2026	14,806	0	130,939	0	4,586
2027-2031	74,031	0	654,695	0	22,929
2032-2036	74,031	0	654,695	0	22,929
2037-2041	7,403	0	654,695	0	13,758
2042-2046	0	0	654,695	0	0
2047-2051	0	0	654,695	0	0
Total	\$229,495	\$190,550	\$3,862,701	\$8,196	\$82,546

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(Continued)**

OWDA Loan #8178 for Water Treatment Plant improvements has no completed amortization schedule available as of the end of 2021. This was an EPA approved project that was completed in 2020. Accordingly, the schedule above does not reflect future debt service payments for this loan. The maximum amount the loan has been approved for is \$2,113,047.00. The first payment was made in July of 2020 for \$52,826.18. A payment of \$52,826.18 will continue to be made twice per year until an official amortization schedule is completed. At that time, the amortization schedule will be followed.

OWDA Loan #8177 for an Asset Management Plan has no completed amortization schedule available as of the end of 2021. This project was mandated by the EPA. Accordingly, the schedule above does not reflect future debt service payments for this loan. The maximum amount the loan has been approved for is \$10,170.00. The first payment was made in 2021. A semi-annual payment of \$1017.00 will continue to be made until the actual amortization schedule is complete. At that time, the amortization schedule will be followed. During 2021, the Village overpaid on the amount of principal prior to the full disbursement of the loan. The total principal applied at the end of 2021 was greater than the loan balance, resulting in an overpaid balance. This overpayment will be applied to future payments.

OWDA Loan #8375 for Wastewater Treatment Plant Headworks Project engineering costs has no completed amortization schedule available as of the end of 2021. Accordingly, the schedule above does not reflect future debt service payments for this loan. The maximum amount the loan has been approved for is \$360,631.00. The first payment was made in July of 2020 in the amount of \$9,015.78. Semi-annual payments in the same amount will continue to be paid until an amortization schedule is complete. At that time, the amortization schedule will be followed.

OWDA Loan #9445 for Lead Service Line Replacement has no completed amortization schedule available as of the end of 2021. The maximum amount the loan has been approved for is \$25,338. This project was completed with EPA approval. The first payment was made in 2022, at which time the loan was retired.

10. INTERFUND TRANSFERS

During 2021 the following transfers were made:

Fund Type / Fund	Transfer In	Transfer Out
General		(\$260,000)
Rainy Day	5,000	
CSX	6,000	
Special Revenue:		
Cemetery		(1,000)
Parks and Recreation		(5,000)
Police and Fire	225,000	
Police Disability and Pension	30,000	
Enterprise:		
Water Operating		(138,470)
Sewer Operating		(162,863)
USDA Sewer Debt	143,832	
US Bank Debt	130,370	
US Bank Interest	8,100	
USDA Sewer Reserve	14,388	
USDA/RD Short Lived Assset	4,643	
Total	<u>\$567,333</u>	<u>(\$567,333)</u>

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(Continued)**

10. INTERFUND TRANSFERS (continued)

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

11. CONTINGENT LIABILITIES

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

12. CONSTRUCTION AND CONTRACTUAL COMMITMENTS

The Village entered into a contract with Jones & Henry for engineering and developing plans for an improvement project at the Wastewater Treatment Plant. The engineering loan #8375 is displayed above under Note 9 for this cost. This project began in 2021 and it is over 50% completed. Due to the Coronavirus Pandemic, supplies have been difficult to acquire. The project is expected to be completed in 2022. North Bay Construction was awarded the construction contract. This project is taking place for safety issues and potential equipment failure.

The Village entered into a contract with Jones & Henry for engineering for a lead service line replacement project. Construction for this project will begin in 2022. This project will replace existing lead services. When the project is completed, there will be no lead services in New London. The Village will begin repayment of a loan for the engineering in 2023. The construction portion of the project is being paid by the Ohio EPA grant funds.

The Village entered into a contract with GRW Engineers for engineering for a Park Avenue water main replacement project. Construction for the project will begin in 2022. The existing Park Avenue water main is over 100 years old and failing on a regular basis. This project is being run through the Huron County CDBG program.

13. DEBT SERVICE TRUSTEED FUNDS

The Water Improvement trust agreement required the Village to establish a debt service fund to be maintained by a custodian bank. The Village has established this fund. At December 31, 2021, the custodian held \$190,555 in Village assets. These assets, and the related receipts and disbursements, are not reflected in the accompanying financial statements.

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**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(Continued)**

14. FUND BALANCES

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows.

Fund Balances	General	Special Revenue	Capital Projects	Total
Nonspendable:				
Unclaimed Monies	\$58	\$0	\$0	58
Outstanding Encumbrances	9,621	7,223	36	16,880
<i>Total</i>	\$9,679	\$7,223	\$36	\$16,938

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

15. COVID-19

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

During 2021, the Village encumbered the remainder of their CARES Act funding and received \$123,501.50 in Federal ARPA funds. An identical amount will be received in 2022. So far, these funds have been used to provide utilities to a new business in the Village. Discussion is underway for the most appropriate use of the remaining amount of the funds.

VILLAGE OF NEW LONDON
HURON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal ALN Number	Total Federal Expenditures	Loan Balance
<u>U.S. DEPARTMENT OF THE TREASURY</u>			
<i>Passed Through Ohio Department of Budget Management</i>			
Coronavirus Relief Fund	21.019	\$59,064	
Coronavirus State and Local Fiscal Recovery Fund	21.027	17,850	-
Total U.S. Department of the Treasury		76,914	-
<u>U.S. DEPARTMENT OF AGRICULTURE RURAL DEVELOPMENT</u>			
<i>Direct Program</i>			
Water and Waste Disposal Systems for Rural Communities Loan	10.760		948,051
Total U.S. Department of Agriculture Rural Development			948,051
Total Expenditures of Federal Awards		\$76,914	\$948,051

The accompanying notes are an integral part of this schedule.

**VILLAGE OF NEW LONDON
HURON COUNTY**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Village of New London (the Village) under programs of the federal government for the year ended December 31, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Village.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – LOAN PROGRAMS WITH CONTINUING COMPLIANCE REQUIREMENTS

The federal loan programs listed below are administered directly by the Village, and balances and transactions relating to these programs are included in the Village's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balances of loans outstanding at 12/31/2021 consist of:

<u>ALN Number</u>	<u>Program/Cluster Name</u>	<u>Outstanding Balance at 12/31/2021</u>
10.760	Water and Waste Disposal Systems for Rural Communities	\$948,051



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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2021 and the related notes to the financial statements of the Village of New London, Huron County, (the Village) and have issued our report thereon dated August 19, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Village's Response to Findings

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

Purpose of This Report

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

The image shows a handwritten signature in black ink that reads "BHM CPA Group". The letters are written in a cursive, slightly slanted style.

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



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

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

To the Village Council:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Village of New London's, Huron County, (Village) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Village of New London's major federal program for the year ended December 31, 2021. The Village of New London's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, the Village of New London complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

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

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

Village of New London
Huron County
 Schedule of Findings
 2 CFR § 200.515
 December 31, 2021

1. SUMMARY OF AUDITOR'S RESULTS

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

Village of New London
Huron County
Schedule of Findings
2 CFR § 200.515
December 31, 2021

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

FINDING NUMBER 2021-001

Material Weakness - *Financial Reporting*

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

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

- Debt Proceeds were not recorded for all debt and was not recorded upon retirement of the Series 2013 Mortgage Revenue Bonds with the issuance of a new OWDA loan
- Principal was not properly recorded for all debt and was not recorded upon retirement of the Series 2013 Mortgage Revenue Bonds
- Interest was not properly recorded for all debt
- Capital Outlay was not fully recognized upon adding new principal to existing loans
- Debt disclosures required corrections and updates
- Budgetary disclosures required corrections

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

Officials Response: See Corrective Action Plan.

3. FINDINGS FOR FEDERAL AWARDS

None.

VILLAGE OF NEW LONDON
HURON COUNTY
DECEMBER 31, 2021

SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)

Finding Number	Finding Summary	Status	Additional Information
2020-001	Material Weakness – Financial Reporting	Not Corrected	Reissued as Finding 2021-001

Village of New London
Huron County
Corrective Action Plan
2 CFR § 200.511(c)
December 31, 2021

Finding Number: 2021-001

Planned Corrective Action:

Anticipated Completion Date: 12/31/2021

Responsible Contact Person: Nancy Howell, Finance Director

Village of New London's Response

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



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF NEW LONDON HURON
COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2020

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VILLAGE OF NEW LONDON
HURON COUNTY
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For the Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of New London, Huron County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2020, or the changes in financial position or, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical

responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

Emphasis of Matter

As discussed in Note 15 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Reporting Required by Government Auditing Standards

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



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

Village of New London, Ohio
Huron County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 71,522	\$ 94,214	\$ -	\$ 165,736
Municipal Income Tax	420,787	207,253	-	628,040
Intergovernmental	101,363	418,594	-	519,957
Charges for Services	-	326,542	58,002	384,544
Fines, Licenses and Permits	28,455	4,941	-	33,396
Earnings on Investments	6,462	839	-	7,301
Miscellaneous	47,667	25,777	-	73,444
<i>Total Cash Receipts</i>	<u>676,256</u>	<u>1,078,160</u>	<u>58,002</u>	<u>1,812,418</u>
Cash Disbursements				
Current:				
Security of Persons and Property	-	506,334	-	506,334
Public Health Services	-	20,450	-	20,450
Leisure Time Activities	-	292,773	-	292,773
Community Environment	2,914	-	-	2,914
Transportation	-	141,702	-	141,702
General Government	375,264	211,102	-	586,366
Capital Outlay	74,032	309,077	13,899	397,008
Debt Service:				
Principal Retirement	-	10,492	16,362	26,854
Interest and Fiscal Charges	-	5,196	1,678	6,874
<i>Total Cash Disbursements</i>	<u>452,210</u>	<u>1,497,126</u>	<u>31,939</u>	<u>1,981,275</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>224,046</u>	<u>(418,966)</u>	<u>26,063</u>	<u>(168,857)</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	-	49,113	-	49,113
Transfers In	11,749	290,000	-	301,749
Transfers Out	(295,000)	(6,749)	-	(301,749)
Other Financing Sources	160,446	26,614	500	187,560
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(122,805)</u>	<u>358,978</u>	<u>500</u>	<u>236,673</u>
Extraordinary Item	-	3,200	-	3,200
<i>Net Change in Fund Cash Balances</i>	101,241	(56,788)	26,563	71,016
<i>Fund Cash Balances, January 1</i>	<u>386,394</u>	<u>496,710</u>	<u>20,528</u>	<u>903,632</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 487,635</u>	<u>\$ 439,922</u>	<u>\$ 47,091</u>	<u>\$ 974,648</u>

See accompanying notes to the basic financial statements

Village of New London, Ohio
Huron County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2020

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$ 2,107,238
Miscellaneous	10,935
	<u>2,118,173</u>
<i>Total Operating Cash Receipts</i>	<i>2,118,173</i>
Operating Cash Disbursements	
Personal Services	715,916
Employee Fringe Benefits	307,525
Contractual Services	436,389
Supplies and Materials	224,001
Other	15,595
	<u>1,699,426</u>
<i>Total Operating Cash Disbursements</i>	<i>1,699,426</i>
<i>Operating Income (Loss)</i>	<i>418,747</i>
Non-Operating Receipts (Disbursements)	
Earnings on Investments (proprietary funds only)	171
Other Debt Proceeds	278,084
Capital Outlay	(369,913)
Principal Retirement	(381,090)
Interest and Other Fiscal Charges	(99,228)
Other Financing Sources	38,334
	<u>533,642</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(533,642)</i>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	<i>(114,895)</i>
Transfers In	348,652
Transfers Out	(348,652)
	<u>0</u>
<i>Net Change in Fund Cash Balance</i>	<i>(114,895)</i>
<i>Fund Cash Balances, January 1</i>	<i>1,284,737</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 1,169,842</i>

See accompanying notes to the basic financial statements

Village of New London, Ohio
Huron County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2020

	Fiduciary Fund Types
	Custodial
	Other Custodial
Additions	
Other Amounts Collected for Distribution	28,000
<i>Total Additions</i>	<i>28,000</i>
Deductions	
Distributions as Fiscal Agent	30,667
<i>Total Deductions</i>	<i>30,667</i>
<i>Net Change in Fund Balances</i>	<i>(2,667)</i>
<i>Fund Cash Balances, January 1</i>	<i>2,667</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ -</i>

See accompanying notes to the basic financial statements

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

1. Reporting Entity

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

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

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. Note 6 to the financial statements provides additional information for this entity.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

2. Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

General Fund

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

Special Revenue Funds

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

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

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

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)**

Capital Project Funds

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

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

Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

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

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

Fiduciary Funds

Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

The Village has no private purpose trust funds.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's agency funds account for:

Unclaimed Monies Fund – This fund receives money from outstanding checks the village has. The money is put in this account and after five years without anyone claiming it, it is transferred to the General Fund.

Fire Demolition Fund – This fund receives money from “insurers as deposits to assure the rehabilitation of fire-damaged structures”. After the required repairs are completed, the money is reimbursed to the property owner.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

VILLAGE OF NEW LONDON
HURON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)

Budgetary Process

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

Appropriations

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

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2020 budgetary activity appears in Note 3.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

VILLAGE OF NEW LONDON
HURON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)

Restricted

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

Committed

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

Assigned

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

Unassigned

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)**

3. Budgetary Activity

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

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$607,443	\$848,451	\$241,008
Special Revenue	1,588,836	1,447,087	(141,749)
Capital Projects	75,750	58,502	(17,248)
Enterprise	2,849,467	2,783,414	(66,053)
Custodial	0	28,000	0
Total	\$5,121,496	\$5,165,454	\$15,958

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$990,489	\$764,850	\$225,639
Special Revenue	1,959,253	1,534,247	425,006
Capital Projects	81,690	31,939	49,751
Enterprise	3,662,907	2,898,309	764,598
Fiduciary (Agency)	0	30,667	(30,667)
Total	\$6,694,339	\$5,260,012	\$1,434,327

4. Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	2020
Demand deposits	\$1,057,266
Certificates of deposit	110,255
Other time deposits (savings accounts)	977,149
Total deposits	\$2,144,671

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the village is holding \$10,348.87 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village, or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)**

5. Taxes

Property taxes

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

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

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

Income Taxes

The Village levies a municipal income tax of one and one half percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

6. Risk Management

Risk Pool Membership

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

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

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

	<u>2020</u>
Cash and Investments	\$40,318,971
Actuarial Liabilities	\$14,111,510

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)**

7. Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The majority of Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2020.

Social Security

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

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

8. Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

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

9. Debt

Debt outstanding at December 31, 2020 was as follows:

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)**

	<u>Principal</u>	<u>Interest Rate</u>
Governmental Lease-Purchase Agreement-Garbage Truck	\$157,313	4.99%
Mortgage Revenue Bonds - Series 2013	345,417	1-3%
Sanitary Sewer System Mortgage Revenue Bonds - Series 2013	3,386,500	2.13%
Fire Truck Bond - 2012	16,319	3.50%
Government Obligation Contract Lease	8,562	4.90%
Master Lease Purchase Agreement for Equipment	117,478	3.09%
Master Lease Purchase Agreement for Mowers	24,349	3.39%
Master Lease Purchase Agreement for Vac Truck	89,297	4.15%
OPWC Water Treatment Plant Improvement Engineering	589,382	0.00%
OWDA Asset Management Water Loan	135	0.00%
OWDA Water Treatment Plant Improvements Loan	1,934,712	0.00%
OWDA WWTP Headworks Project Engineering	156,629	3.42%
OWDA Reservoir Campground Pump Station	198,712	2.53%
OPWC Birch Park Drive Improvements	87,132	0.00%
Total	<u>\$7,111,937</u>	

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

The Mortgage Revenue Bonds – Series 2013 were issued to refinance the bonds issued in 1997 for a water plant expansion project. The bonds are collateralized by water receipts. The bonds contain an interest rate from 1% to 3% depending on the year, with the lender billing the Village monthly. For 2020 the interest rate was 2.625%. The original amount of the Bond was \$1,690,000.00. It will be paid off at the end of 2022

The Sanitary Sewer System Mortgage Revenue Bonds – Series 2013 were issued to upgrade the Village’s sanitary sewer system. Sewer receipts collateralize this loan. The Village has agreed to set utility rates sufficient to cover debt service requirements. The original amount of this Bond was \$3,724,000.00 with an interest rate of 2.125%. This loan is paid once a year and will be completely paid off in December of 2053.

The Village entered into a fire truck bond to finance the purchase of a fire truck in 2012. This bond was originally for \$75,000.00 at an interest rate of 3.5%. The village pays this bond once each year for 10 years. The fire truck will be paid in full in 2022.

The Government Obligation Contract Lease was issued in 2017 for new turnout gear for the fire department. The Village borrowed \$40,000 for the gear and it will be paid over the next five years. The interest rate is 4.9%. This lease is paid once a year and will be paid in full in 2021.

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

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)**

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

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

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

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

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

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

Year Ending December 31:	Kubota Mowers Lease	Equipment Lease	Garbage Truck Lease	Turnout Gear Lease	OPWC Water Treatment Plan Improvements Engineering Loan
2021	\$6,176	\$20,742	\$33,108	\$8,982	\$19,979
2022	6,176	20,742	33,108		19,979
2023	6,176	20,742	33,108		19,979
2024	6,176	20,742	33,108		19,979
2025	1,544	20,742	33,108		19,979
2026-2030		25,928			99,895
2031-2035					99,895
2036-2040					99,895
2041-2045					99,895
2046-2050					89,907
Total	\$26,248	\$129,638	\$165,540	\$8,982	\$589,382

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)**

Year Ending December 31:	OWDA Rez Pump Station Loan	US BANK Mortgage Revenue Bonds- Series 2013	Vac Truck Lease	Sanitary Sewer System Mortgage Revenue Bonds - Series 2013	Fire Truck Bonds - 2012	OPWC Birch Park Drive Improvement
2021	\$14,806	\$185,800	\$31,964	\$143,763	\$8,971	\$4,586
2022	14,806	190,550	31,964	143,837	8,196	4,586
2023	14,806		31,964	143,778		4,586
2024	14,806			143,886		4,586
2025	14,806			143,758		4,586
2026-2030	74,031			719,164		22,929
2031-2035	74,031			719,096		22,929
2036-2040	22,209			719,109		18,344
2041-2045				719,040		
2046-2050				719,153		
2051-2052				287,614		
Total	<u>\$244,301</u>	<u>\$376,350</u>	<u>\$95,892</u>	<u>\$4,602,198</u>	<u>\$17,167</u>	<u>\$87,132</u>

OWDA Loan #8178 for Water Treatment Plant improvements has no completed amortization schedule available as of the end of 2020. This was an EPA approved project that was completed in 2020. Accordingly, the schedule above does not reflect future debt service payments for this loan. The maximum amount the loan has been approved for is \$2,113,047.00. The first payment was made in July of 2020 for \$52,826.18.

OWDA Loan #8177 for an Asset Management Plan has no completed amortization schedule available as of the end of 2020. This project was mandated by the EPA. Accordingly, the schedule above does not reflect future debt service payments for this loan. The maximum amount the loan has been approved for is \$10,170.00. The first payment will be made in 2021.

OWDA Loan #8375 for Wastewater Treatment Plant Headworks Project engineering costs has no completed amortization schedule available as of the end of 2020. Accordingly, the schedule above does not reflect future debt service payments for this loan. The maximum amount the loan has been approved for is \$360,631.00. The first payment was made in July of 2020 in the amount of \$9,015.78.

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)**

10. INTERFUND TRANSFERS

During 2020 the following transfers were made:

Fund Type / Fund	Transfer In	Transfer Out
General		(\$295,000)
Rainy Day	5,000	
CSX	6,749	
Special Revenue:		
Cemetery		(1,000)
Parks and Recreation		(2,000)
Police and Fire	250,000	
Police Disability and Pension	40,000	
Gifts from the Terry Wilson Memorial		(3,749)
Enterprise:		
Water Operating		(185,789)
Sewer Operating		(162,863)
USDA Sewer Debt	143,832	
US Bank Debt	170,778	
US Bank Interest	15,011	
USDA Sewer Reserve	14,388	
USDA/RD Short Lived Asset	4,643	
Total	<u>\$650,401</u>	<u>(\$650,401)</u>

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

11. CONTINGENT LIABILITIES

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

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)**

12. CONSTRUCTION AND CONTRACTUAL COMMITMENTS

The Village entered into a contract with Jones & Henry for engineering and developing plans for an improvement project at the Wastewater Treatment Plant. The engineering loan #8375 is displayed above under Note 9 for this cost. This project is set to begin in 2021 and it is undetermined how long the project will take. This project is taking place for safety issues and potential equipment failure.

13. FUND BALANCES

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows.

Fund Balances	General	Special Revenue	Total
Nonspendable:			
Unclaimed Monies	\$58	\$0	58
Outstanding Encumbrances	17,640	30,372	48,012
<i>Total</i>	\$17,698	\$30,372	\$48,070

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

14. CHANGE IN ACCOUNTING PRINCIPLES

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) – All Fiduciary Fund Types, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

**VILLAGE OF NEW LONDON
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)**

15. COVID-19

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

During 2020, The Village received CARES Act funding. Of the amounts received, \$82,300.00 was given as small business grants to small businesses and organizations. These amounts are reflected as general government expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.



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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and the related notes to the financial statements of the Village of New London, Huron County, (the Village) and have issued our report thereon dated August 19, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

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

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

**Village of New London
Huron County**

Schedule of Findings
2 CFR § 200.515
December 31, 2020

FINDING NUMBER 2020-001

Material Weakness - *Financial Reporting*

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

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

- Debt Proceeds were not recorded for all debt
- Principal was not properly recorded for all debt
- Interest was not properly recorded for all debt
- Capital Outlay was not fully recognized upon adding new principal to existing loans
- Debt disclosures required corrections and updates
- Budgetary disclosures required corrections

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

Officials Response: We did not receive a response to this finding.

VILLAGE OF NEW LONDON
HURON COUNTY
DECEMBER 31, 2020

SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)

Finding Number	Finding Summary	Status	Additional Information
2019-001	Noncompliance – Timely Deposits	Fully Corrected	
2019-002	Material Weakness – Financial Reporting	Not Corrected	Reissued as Finding 2020-001

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF NEW LONDON

HURON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/24/2024

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

This report is a matter of public record and is available online at
www.ohioauditor.gov