

**PERRY**

**& Associates CPAs**

**PASSION** *Beyond the Numbers*

**VILLAGE OF NEW LEBANON  
MONTGOMERY COUNTY**

**REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2022 - 2021**



OHIO AUDITOR OF STATE  
KEITH FABER



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

We have reviewed the *Independent Auditor's Report* of the Village of New Lebanon, Montgomery County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber  
Auditor of State  
Columbus, Ohio

August 14, 2023

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VILLAGE OF NEW LEBANON  
MONTGOMERY COUNTY

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**INDEPENDENT AUDITOR'S REPORT**

Village of New Lebanon  
Montgomery County  
198 South Clayton Road  
New Lebanon, Ohio 45345

To the Village Council:

***Report on the Audit of the Financial Statements***

***Unmodified, Qualified and Adverse Opinions***

We have audited the financial statements of the Village of New Lebanon, Montgomery County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2022 and 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 the Special Revenue, Capital Projects, and Enterprise Funds as of and for the years ended December 31, 2022 and 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.

***Additional Opinion Qualification***

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for the General and Debt Service Funds as of and for the years ended December 31, 2022 and 2021, and the related notes of the Village of New Lebanon, Montgomery County in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(C) permit, described in Note 2.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2022 and 2021, or the changes in financial position or, where applicable, cash flows thereof for the years 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 Additional Opinion Qualification***

The Village did not post an adjustment relating to material misstatement of the financial statements for the year ending December 31, 2018. Had this adjustment been posted by the Village, the effect would have been a decrease in the Village's General Fund of \$120,777, and an increase in the Debt Service Fund of \$120,777.

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

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

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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



***Auditor's Responsibilities for the Audit of the Financial Statements (Continued)***

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 June 30, 2023, 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.



**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

June 30, 2023

**VILLAGE OF NEW LEBANON  
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

|   | General             | Special<br>Revenue  | Capital<br>Projects | Combined<br>Total   |
|---|---------------------|---------------------|---------------------|---------------------|
| <b>Cash Receipts</b>                                  |                     |                     |                     |                     |
| Property and Other Local Taxes                        | \$ 67,667           | \$ 1,013,364        | \$ -                | \$ 1,081,031        |
| Municipal Income Tax                                  | 1,019,511           | -                   | -                   | 1,019,511           |
| Intergovernmental                                     | 105,110             | 531,264             | -                   | 636,374             |
| Special Assessments                                   | -                   | 80,118              | -                   | 80,118              |
| Charges for Services                                  | 1,232               | 639,578             | -                   | 640,810             |
| Fines, Licenses and Permits                           | 47,379              | 224                 | -                   | 47,603              |
| Earnings on Investments                               | 76,579              | 51,291              | -                   | 127,870             |
| Miscellaneous   | 35,034              | 140,467             | -                   | 175,501             |
| <i>Total Cash Receipts</i>                            | <u>1,352,512</u>    | <u>2,456,306</u>    | <u>-</u>            | <u>3,808,818</u>    |
| <b>Cash Disbursements</b>                             |                     |                     |                     |                     |
| Current:  |                     |                     |                     |                     |
| Security of Persons and Property                      | -                   | 2,014,617           | -                   | 2,014,617           |
| Leisure Time Activities                               | 181,477             | 8,915               | -                   | 190,392             |
| Community Environment                                 | 112,614             | -                   | -                   | 112,614             |
| Transportation  | -                   | 324,488             | -                   | 324,488             |
| General Government                                    | 399,940             | 132,402             | -                   | 532,342             |
| Capital Outlay  | -                   | 135,145             | 544,528             | 679,673             |
| Debt Service:   |                     |                     |                     |                     |
| Principal Retirement                                  | -                   | 221,438             | -                   | 221,438             |
| Interest and Fiscal Charges                           | -                   | 14,617              | -                   | 14,617              |
| <i>Total Cash Disbursements</i>                       | <u>694,031</u>      | <u>2,851,622</u>    | <u>544,528</u>      | <u>4,090,181</u>    |
| <i>Excess of Receipts Over (Under) Disbursements</i>  | <u>658,481</u>      | <u>(395,316)</u>    | <u>(544,528)</u>    | <u>(281,363)</u>    |
| <b>Other Financing Receipts (Disbursements)</b>       |                     |                     |                     |                     |
| Other Debt Proceeds                                   | -                   | -                   | 403,977             | 403,977             |
| Transfers In  | -                   | 426,863             | 210,242             | 637,105             |
| Transfers Out   | (637,105)           | -                   | -                   | (637,105)           |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(637,105)</u>    | <u>426,863</u>      | <u>614,219</u>      | <u>403,977</u>      |
| <i>Net Change in Fund Cash Balances</i>               | 21,376              | 31,547              | 69,691              | 122,614             |
| <i>Fund Cash Balances, January 1</i>                  | <u>1,420,694</u>    | <u>1,625,111</u>    | <u>104,329</u>      | <u>3,150,134</u>    |
| <i>Fund Cash Balances, December 31</i>                | <u>\$ 1,442,070</u> | <u>\$ 1,656,658</u> | <u>\$ 174,020</u>   | <u>\$ 3,272,748</u> |

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF NEW LEBANON  
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2022**

|   | Proprietary Fund Type |
|---|-----------------------|
|   | Enterprise            |
| <b>Operating Cash Receipts</b>                      |                       |
| Charges for Services                                | \$ 1,316,405          |
| Miscellaneous                                       | 24,712                |
|   | <u>1,341,117</u>      |
| <i>Total Operating Cash Receipts</i>                | <u>1,341,117</u>      |
| <b>Operating Cash Disbursements</b>                 |                       |
| Personal Services                                   | 518,539               |
| Employee Fringe Benefits                            | 80,677                |
| Contractual Services                                | 473,587               |
| Supplies and Materials                              | 102,158               |
| Other   | 274,485               |
|   | <u>1,449,446</u>      |
| <i>Total Operating Cash Disbursements</i>           | <u>1,449,446</u>      |
| <i>Operating Income (Loss)</i>                      | <u>(108,329)</u>      |
| <b>Non-Operating Receipts (Disbursements)</b>       |                       |
| Other Debt Proceeds                                 | 136,072               |
| Capital Outlay                                      | (188,492)             |
| Principal Retirement                                | (75,192)              |
| Other Financing Uses                                | (968)                 |
|   | <u>(128,580)</u>      |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(128,580)</u>      |
| <i>Net Change in Fund Cash Balances</i>             | (236,909)             |
| <i>Fund Cash Balances, January 1</i>                | <u>1,285,496</u>      |
| <i>Fund Cash Balances, December 31</i>              | <u>\$ 1,048,587</u>   |

The notes to the financial statements are an integral part of this statement.

**Village of New Lebanon**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 1 - Reporting Entity**

The Village of New Lebanon, Montgomery County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council and Mayor directs the Village. The Village provides water, sewer and trash utilities, park operations, police services, fire protection and emergency medical services.

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

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

***Basis of Presentation***

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

***Fire Levy Fund*** The fire levy fund accounts for and reports the receipt of property taxes and charges for service restricted for the purpose of providing fire and emergency services to Village residents and surrounding communities.

***Police Levy Fund*** The police levy fund accounts for and reports the receipt of property taxes for the purpose of providing police protection services.

***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:

***Sewer Rehab Project Fund*** The sewer rehab project fund accounts for and reports the receipt of loan proceeds and general fund transfers for the purpose of completing sewer rehab projects.

***Capital Improvements Fund*** The capital improvement fund accounts for and reports the receipt of general fund transfers for the purpose of completing capital improvement projects.

**Village of New Lebanon**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

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

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

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

***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 disbursements 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 be budgeted annually.

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

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

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

A summary of 2022 budgetary activity appears in Note 4.

***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**Village of New Lebanon**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

**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 (ordinance or resolution). The Village must adhere to these commitments unless Council amends the ordinance or 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 12.

**Note 3 – Compliance**

Contrary to Ohio law, at December 31, 2022, the Construction Projects Fund and Sewer Rehabilitation Project Fund had negative fund balances of \$88,521 and \$160,314, respectively.

**Village of New Lebanon**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**Note 4 - Budgetary Activity**

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

| 2022 Budgeted vs. Actual Receipts |                      |                    |              |
|-----------------------------------|----------------------|--------------------|--------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance     |
| General                           | \$ 1,590,151         | \$ 1,352,512       | \$ (237,639) |
| Special Revenue                   | 2,655,781            | 2,883,169          | 227,388      |
| Capital Projects                  | 898,679              | 614,219            | (284,460)    |
| Enterprise                        | 1,124,061            | 1,477,189          | 353,128      |
| Total                             | \$ 6,268,672         | \$ 6,327,089       | \$ 58,417    |

| 2022 Budgeted vs. Actual Budgetary Basis Disbursements |                            |                            |              |
|--|----------------------------|----------------------------|--------------|
| Fund Type  | Appropriation<br>Authority | Budgetary<br>Disbursements | Variance     |
| General  | \$ 2,521,914               | \$ 1,376,438               | \$ 1,145,476 |
| Special Revenue  | 3,585,660                  | 3,069,665                  | 515,995      |
| Capital Projects                                       | 1,666,975                  | 599,092                    | 1,067,883    |
| Enterprise   | 1,897,399                  | 1,807,377                  | 90,022       |
| Total  | \$ 9,671,948               | \$ 6,852,572               | \$ 2,819,376 |

**Note 5 – Deposits and Investments**

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

|                                |              |
|--------------------------------|--------------|
|                                | 2022         |
| Demand deposits                | \$ 325,470   |
| Certificates of deposit        | 1,000,000    |
| GIDP                           | 2,148,576    |
| Cash on hand                   | 300          |
| Total deposits                 | 3,474,346    |
| STAR Ohio                      | 846,989      |
| Total investments              | 846,989      |
| Total deposits and investments | \$ 4,321,335 |

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Village is holding \$0 in unremitted employee payroll withholdings.

**Deposits**

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

**Investments**

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**Village of New Lebanon**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 6 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts.

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 1% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**Note 7 - Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

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

Settled claims did not exceed insurance coverage in any of the past three years. Coverage limits have not changed significantly since last year.

**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.



**Village of New Lebanon**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 8 - Defined Benefit Pension Plans (Continued)**

***Ohio Police and Fire Pension Fund***

The Village's certified Fire Fighters and full-time Police Officers belong to the 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 19.50% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. The Village has paid all contributions required through December 31, 2022.

**Note 9 - Postemployment Benefits**

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

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

**Village of New Lebanon**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**Note 10 – Debt**

Debt outstanding at December 31, 2022 was as follows:

|       |  |                     |       |
|-------|--|---------------------|-------|
| CD01F | WWTP Upgrades Phase II                       | \$ 46,412           | 0%    |
| CD01T | Perry Street Water Main                      | 276,360             | 0%    |
| CD01U | Sanitary Sewer Phase XIV                     | 8,975               | 0%    |
| CD01V | Sanitary Sewer Phase XV                      | 112,289             | 0%    |
| CD01X | Church Street Improvements Phase III         | 488,444             | 0%    |
| CD02O | Main Street Phase IV                         | 351,524             | 0%    |
| CD02P | Fuls Road Phase I                            | 139,891             | 0%    |
| CD02U | Perry Street Water Main Replacement Phase II | 172,058             | 0%    |
| CD02V | Church Street Improvements Phase I           | 391,914             | 0%    |
| CD03N | Main Street Phase III                        | 320,382             | 0%    |
| CD03Q | Fuls Road Phase II                           | 154,119             | 0%    |
| CD03W | Sanitary Sewer Phase XVI                     | 119,717             | 0%    |
| CD05Q | Main Street Phase V                          | 364,461             | 0%    |
| CD08S | Main Street Phase VII                        | 577,157             | 0%    |
| CD08X | Main Street Phase VII                        | 141,803             | 0%    |
| CD10O | Water Main Replacement                       | 36,349              | 0%    |
| CD10Y | Sanitary Sewer Phase XVIII                   | 136,072             | 0%    |
| CD11L | Main Street Phase I                          | 68,147              | 0%    |
| CD11S | Sanitary Sewer Phase XII                     | 80,076              | 0%    |
| CD14T | Sanitary Sewer Phase XIII                    | 145,046             | 0%    |
| CD17R | Sanitary Sewer Phase XI                      | 63,369              | 0%    |
| CD18P | Sanitary Sewer Phase X                       | 24,926              | 0%    |
| CD22R | Main Street Phase VI                         | 445,148             | 0%    |
| CD29M | Main Street Phase II                         | 206,730             | 0%    |
|       | Fire House Construction                      | 226,559             | 4.99% |
|       |  | <u>\$ 5,097,928</u> |       |

Phases I-VII of the Main Street project were financed through OPWC loans. The no-interest loans were for costs related to the improvements made to Main Street including street paving, curb and sidewalk replacements, storm sewers, catch basins, etc. These loans mature between 2029 and 2047.

Phase I and Phase II of the Wastewater Treatment Plant were financed through Ohio Public Works Commission (OPWC) loans. The no-interest loans were for the purpose of paying for improvements to the Village sewer plant that was mandated by the Ohio EPA. Phase I has been paid in full. Phase II matures in 2025.

Phase I and Phase II of the Fuls Road project were financed through OPWC loans. The no-interest loans were for costs related to the improvements made to Fuls Road including street paving, curb, storm sewer, catch basins, etc. These loans mature in 2040 and 2044.

The Water Main Replacement project was financed through an OPWC loan. The no-interest loan was for costs related to the Farmersville-Johnsville Water Main Replacement project. The loan matures in 2042.

**Village of New Lebanon**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**Note 10 – Debt (Continued)**

The Sanitary Sewer Upgrades project was financed through OPWC loans. The no-interest loans are to rehab the sewers and manholes on certain streets in the Village. These loans mature in 2043 and 2047. Sanitary sewer project phase XVI had loan proceeds of \$119,717 in 2020 however the project is not complete and no amortization schedule has been provided for the loan.

The Perry Street Water Main projects was financed through OPWC loans. The no-interest loan is to upgrade the water main along Perry Street. These loans mature in 2047 and 2048.

The Church Street Improvements project was financed through an OPWC loan. The no-interest loan is to complete improvement projects along Church Street. The loan matures in 2049.

Fire House Construction was financed through commercial notes issued with an interest of rate of 4.99% for a term of seven years. The payments are made semi-annually and are secured by the property the fire house sets on.

***Amortization***

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

| Year Ending<br>December 31: | Fire House<br>Construction | OPWC Loans   |
|-----------------------------|----------------------------|--------------|
| 2023                        | \$ 97,619                  | \$ 226,443   |
| 2024                        | 97,619                     | 226,443      |
| 2025                        | 48,810                     | 217,160      |
| 2026                        | -                          | 207,878      |
| 2027                        | -                          | 207,878      |
| 2028-2032                   | -                          | 1,010,184    |
| 2032-2037                   | -                          | 990,714      |
| 2038-2042                   | -                          | 911,881      |
| 2043-2047                   | -                          | 591,258      |
| 2048-2052                   | -                          | 161,813      |
|                             | \$ 244,048                 | \$ 4,751,652 |

**Note 11 – Contingent Liabilities**

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village's financial condition.

**Village of New Lebanon**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 12 – Fund Balances**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. 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:continuu

| Fund Balances            | General   | Special<br>Revenue | Capital<br>Projects | Total      |
|--------------------------|-----------|--------------------|---------------------|------------|
| Outstanding Encumbrances | \$ 45,302 | \$ 218,043         | \$ 54,564           | \$ 317,909 |

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

**Note 13 – COVID-19**

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

**VILLAGE OF NEW LEBANON  
MONTGOMERY 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<br>Revenue  | Capital<br>Projects | Totals<br>(Memorandum<br>Only) |
|---|---------------------|---------------------|---------------------|--------------------------------|
| <b>Cash Receipts</b>                                  |                     |                     |                     |                                |
| Property and Other Local Taxes                        | \$ 66,148           | \$ 989,148          | \$ -                | \$ 1,055,296                   |
| Municipal Income Tax                                  | 944,260             | -                   | -                   | 944,260                        |
| Intergovernmental                                     | 95,377              | 538,954             | 599,198             | 1,233,529                      |
| Special Assessments                                   | -                   | 81,413              | -                   | 81,413                         |
| Charges for Services                                  | 2,872               | 450,572             | -                   | 453,444                        |
| Fines, Licenses and Permits                           | 49,205              | -                   | -                   | 49,205                         |
| Earnings on Investments                               | -                   | 154                 | -                   | 154                            |
| Miscellaneous   | 28,202              | 201,805             | -                   | 230,007                        |
| <i>Total Cash Receipts</i>                            | <u>1,186,064</u>    | <u>2,262,046</u>    | <u>599,198</u>      | <u>4,047,308</u>               |
| <b>Cash Disbursements</b>                             |                     |                     |                     |                                |
| Current:  |                     |                     |                     |                                |
| Security of Persons and Property                      | -                   | 1,673,723           | -                   | 1,673,723                      |
| Leisure Time Activities                               | 157,842             | 5,656               | -                   | 163,498                        |
| Community Environment                                 | 109,105             | -                   | -                   | 109,105                        |
| Basic Utility Services                                | -                   | -                   | 651,209             | 651,209                        |
| Transportation  | -                   | 391,755             | -                   | 391,755                        |
| General Government                                    | 399,883             | 114,426             | -                   | 514,309                        |
| Capital Outlay  | -                   | 8,694               | 467,770             | 476,464                        |
| Debt Service:   |                     |                     |                     |                                |
| Principal Retirement                                  | -                   | 209,109             | -                   | 209,109                        |
| Interest and Fiscal Charges                           | -                   | 18,666              | -                   | 18,666                         |
| <i>Total Cash Disbursements</i>                       | <u>666,830</u>      | <u>2,422,029</u>    | <u>1,118,979</u>    | <u>4,207,838</u>               |
| <i>Excess of Receipts Over (Under) Disbursements</i>  | <u>519,234</u>      | <u>(159,983)</u>    | <u>(519,781)</u>    | <u>(160,530)</u>               |
| <b>Other Financing Receipts (Disbursements)</b>       |                     |                     |                     |                                |
| Other Debt Proceeds                                   | -                   | -                   | 92,746              | 92,746                         |
| Transfers In  | -                   | 250,713             | 190,038             | 440,751                        |
| Transfers Out   | (440,751)           | -                   | -                   | (440,751)                      |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(440,751)</u>    | <u>250,713</u>      | <u>282,784</u>      | <u>92,746</u>                  |
| <i>Net Change in Fund Cash Balances</i>               | 78,483              | 90,730              | (236,997)           | (67,784)                       |
| <i>Fund Cash Balances, January 1</i>                  | <u>1,342,211</u>    | <u>1,534,381</u>    | <u>341,326</u>      | <u>3,217,918</u>               |
| <i>Fund Cash Balances, December 31</i>                | <u>\$ 1,420,694</u> | <u>\$ 1,625,111</u> | <u>\$ 104,329</u>   | <u>\$ 3,150,134</u>            |

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF NEW LEBANON  
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2021**

|   | Proprietary Fund Type |
|---|-----------------------|
|   | Enterprise            |
| <b>Operating Cash Receipts</b>                      |                       |
| Charges for Services                                | \$ 1,260,067          |
| Miscellaneous                                       | 131,863               |
|   | <u>1,391,930</u>      |
| <i>Total Operating Cash Receipts</i>                | <u>1,391,930</u>      |
| <b>Operating Cash Disbursements</b>                 |                       |
| Personal Services                                   | 479,808               |
| Employee Fringe Benefits                            | 115,751               |
| Contractual Services                                | 488,797               |
| Supplies and Materials                              | 90,647                |
| Other   | 169,572               |
|   | <u>1,344,575</u>      |
| <i>Total Operating Cash Disbursements</i>           | <u>1,344,575</u>      |
| <i>Operating Income (Loss)</i>                      | <u>47,355</u>         |
| <b>Non-Operating Receipts (Disbursements)</b>       |                       |
| Other Debt Proceeds                                 | 146,693               |
| Capital Outlay                                      | (241,292)             |
| Principal Retirement                                | (70,145)              |
| Other Financing Uses                                | (663)                 |
|   | <u>(165,407)</u>      |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(165,407)</u>      |
| <i>Net Change in Fund Cash Balances</i>             | (118,052)             |
| <i>Fund Cash Balances, January 1</i>                | <u>1,403,548</u>      |
| <i>Fund Cash Balances, December 31</i>              | <u>\$ 1,285,496</u>   |

The notes to the financial statements are an integral part of this statement.

**Village of New Lebanon**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 - Reporting Entity**

The Village of New Lebanon, Montgomery County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council and Mayor directs the Village. The Village provides water, sewer and trash utilities, park operations, police services, fire protection and emergency medical services.

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

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

***Basis of Presentation***

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

***Fire Levy Fund*** The fire levy fund accounts for and reports the receipt of property taxes and charges for service restricted for the purpose of providing fire and emergency services to Village residents and surrounding communities.

***Police Levy Fund*** The police levy fund accounts for and reports the receipt of property taxes for the purpose of providing police protection services.

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

***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:

***Sewer Rehab Project Fund*** The sewer rehab project fund accounts for and reports the receipt of loan proceeds and general fund transfers for the purpose of completing sewer rehab projects.

***Capital Improvements Fund*** The capital improvement fund accounts for and reports the receipt of general fund transfers for the purpose of completing capital improvement projects.

**Village of New Lebanon**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

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

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

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

***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 disbursements 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 be budgeted annually.

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

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

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

A summary of 2021 budgetary activity appears in Note 4.

***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.



**Village of New Lebanon**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***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 (ordinance or resolution). The Village must adhere to these commitments unless Council amends the ordinance or 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 12.

**Note 3 – Compliance**

Contrary to Ohio law, at December 31, 2021, the Construction Project Fund and Sewer Rehabilitation Project Fund had negative fund balances of \$36,451 and \$154,411, respectively.

**Village of New Lebanon**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 4 - Budgetary Activity**

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

| 2021 Budgeted vs. Actual Receipts |                      |                    |              |
|-----------------------------------|----------------------|--------------------|--------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance     |
| General                           | \$ 1,493,066         | \$ 1,186,064       | \$ (307,002) |
| Special Revenue                   | 2,419,201            | 2,512,759          | 93,558       |
| Capital Projects                  | 1,536,033            | 881,982            | (654,051)    |
| Enterprise                        | 1,099,061            | 1,538,623          | 439,562      |
| Total                             | \$ 6,547,361         | \$ 6,119,428       | \$ (427,933) |

| 2021 Budgeted vs. Actual Budgetary Basis Disbursements |                            |                            |              |
|--|----------------------------|----------------------------|--------------|
| Fund Type  | Appropriation<br>Authority | Budgetary<br>Disbursements | Variance     |
| General  | \$ 2,251,672               | \$ 1,122,755               | \$ 1,128,917 |
| Special Revenue  | 3,234,349                  | 2,597,815                  | 636,534      |
| Capital Projects                                       | 2,413,786                  | 1,781,089                  | 632,697      |
| Enterprise   | 1,714,633                  | 1,693,172                  | 21,461       |
| Total  | \$ 9,614,440               | \$ 7,194,831               | \$ 2,419,609 |

**Note 5 – Deposits and Investments**

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

|                                |              |
|--------------------------------|--------------|
|                                | 2021         |
| Demand deposits                | \$ 476,038   |
| Certificates of deposit        | 1,000,000    |
| GDIP                           | 2,126,550    |
| Cash on hand                   | 300          |
| Total deposits                 | 3,602,888    |
| STAR Ohio                      | 832,742      |
| Total investments              | 832,742      |
| Total deposits and investments | \$ 4,435,630 |

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 in unremitted employee payroll withholdings.

**Deposits**

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

**Investments**

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**Village of New Lebanon**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 6 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts.

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 1% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**Note 7 - Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

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

Settled claims did not exceed insurance coverage in any of the past three years. Coverage limits have not changed significantly since last year.

**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

**Village of New Lebanon**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 8 - Defined Benefit Pension Plans (Continued)**

***Ohio Police and Fire Pension Fund***

The Village's certified Fire Fighters and full-time Police Officers belong to the 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 19.50% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. The Village has paid all contributions required through December 31, 2022.

**Note 9 - 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.

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.

**Village of New Lebanon**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 10 – Debt**

Debt outstanding at December 31, 2021 was as follows:

|       |  |                     |       |
|-------|--|---------------------|-------|
| CD01F | WWTP Upgrades Phase II                       | \$ 64,977           | 0%    |
| CD01T | Perry Street Water Main                      | 287,415             | 0%    |
| CD01U | Sanitary Sewer Phase XIV                     | 9,290               | 0%    |
| CD01V | Sanitary Sewer Phase XV                      | 116,448             | 0%    |
| CD01X | Church Street Improvements Phase III         | 92,746              | 0%    |
| CD02O | Main Street Phase IV                         | 369,551             | 0%    |
| CD02P | Fuls Road Phase I                            | 147,663             | 0%    |
| CD02U | Perry Street Water Main Replacement Phase II | 178,676             | 0%    |
| CD02V | Church Street Improvements Phase I           | 406,429             | 0%    |
| CD03N | Main Street Phase III                        | 337,244             | 0%    |
| CD03Q | Fuls Road Phase II                           | 161,124             | 0%    |
| CD03W | Sanitary Sewer Phase XVI                     | 119,717             | 0%    |
| CD05Q | Main Street Phase V                          | 381,027             | 0%    |
| CD08S | Main Street Phase VII                        | 600,243             | 0%    |
| CD08X | Main Street Phase VII                        | 146,693             | 0%    |
| CD10Y | Sanitary Sewer Phase XVIII                   | 38,213              | 0%    |
| CD11L | Main Street Phase I                          | 77,882              | 0%    |
| CD11S | Sanitary Sewer Phase XII                     | 83,483              | 0%    |
| CD14T | Sanitary Sewer Phase XIII                    | 150,847             | 0%    |
| CD17R | Sanitary Sewer Phase XI                      | 66,185              | 0%    |
| CD18P | Sanitary Sewer Phase X                       | 26,113              | 0%    |
| CD22R | Main Street Phase VI                         | 464,091             | 0%    |
| CD29M | Main Street Phase II                         | 218,890             | 0%    |
|       | Fire House Construction                      | 309,562             | 4.99% |
|       |  | <u>\$ 4,854,509</u> |       |

Phases I-VII of the Main Street project were financed through OPWC loans. The no-interest loans were for costs related to the improvements made to Main Street including street paving, curb and sidewalk replacements, storm sewers, catch basins, etc. These loans mature between 2029 and 2047.

Phase I and Phase II of the Wastewater Treatment Plant were financed through Ohio Public Works Commission (OPWC) loans. The no-interest loans were for the purpose of paying for improvements to the Village sewer plant that was mandated by the Ohio EPA. Phase I has been paid in full. Phase II matures in 2025.

Phase I and Phase II of the Fuls Road project were financed through OPWC loans. The no-interest loans were for costs related to the improvements made to Fuls Road including street paving, curb, storm sewer, catch basins, etc. These loans mature in 2040 and 2044.

The Water Main Replacement project was financed through an OPWC loan. The no-interest loan was for costs related to the Farmersville-Johnsville Water Main Replacement project. The loan matures in 2042.

**Village of New Lebanon**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 10 – Debt (Continued)**

The Sanitary Sewer Upgrades project was financed through OPWC loans. The no-interest loans are to rehab the sewers and manholes on certain streets in the Village. These loans mature in 2043 and 2047. Sanitary sewer project phase XVI had loan proceeds of \$119,717 in 2020 however the project is not complete and no amortization schedule has been provided for the loan.

The Perry Street Water Main projects was financed through OPWC loans. The no-interest loan is to upgrade the water main along Perry Street. These loans mature in 2047 and 2048.

The Church Street Improvements project was financed through an OPWC loan. The no-interest loan is to complete improvement projects along Church Street. The loan matures in 2049. The Church Street Improvements Phase III had loan proceeds of \$92,746 in 2021; however, the project is not complete and no amortization schedule is available.

Fire House Construction was financed through commercial notes issued with an interest of rate of 4.99% for a term of seven years. The payments are made semi-annually and are secured by the property the fire house sets on.

**Amortization**

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

| Year Ending<br>December 31: | Fire House<br>Construction | OPWC Loans          |
|-----------------------------|----------------------------|---------------------|
| 2022                        | \$ 97,619                  | \$ 205,192          |
| 2023                        | 97,619                     | 205,350             |
| 2024                        | 97,619                     | 205,350             |
| 2025                        | 48,810                     | 196,067             |
| 2026                        | -                          | 186,785             |
| 2027-2031                   | -                          | 914,453             |
| 2032-2036                   | -                          | 885,248             |
| 2037-2041                   | -                          | 853,155             |
| 2042-2046                   | -                          | 545,662             |
| 2047-2051                   | -                          | 135,222             |
|                             | <u>\$ 341,667</u>          | <u>\$ 4,332,484</u> |

**Note 11 – Contingent Liabilities**

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village's financial condition.

**Village of New Lebanon**  
*Montgomery County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 12 – Fund Balances**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. 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<br>Revenue | Capital<br>Projects | Total      |
|--------------------------|-----------|--------------------|---------------------|------------|
| Outstanding Encumbrances | \$ 15,174 | \$ 175,786         | \$ 662,110          | \$ 853,070 |

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

**Note 13 – COVID-19**

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

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

Village of New Lebanon  
Montgomery County  
198 South Clayton Road  
New Lebanon, Ohio 45345

To the Village Council:

We have audited, in accordance with the 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 years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Village of New Lebanon, Montgomery County, (the Village) and have issued our report thereon dated June 30, 2023, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(C) permit. We qualified our opinion for the General and Debt Service Funds because the Village did not post an adjustment relating to material misstatement of the financial statements for the year ending December 31, 2018.

***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 purpose 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 audit findings as item 2022-001 that we consider to be a material weakness.



***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of audit findings as item 2022-002.

***Village's Response to Findings***

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

***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.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

June 30, 2023

VILLAGE OF NEW LEBANON  
MONTGOMERY COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

FINDING NUMBER 2022-001

**Material Weakness**

**Financial Reporting**

The Village is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting.

During 2022 and 2021, receipts and disbursements were not always posted or classified correctly. The following errors were noted:

- Debt payments for the Fire House Construction loan were misclassified as Capital Outlay instead of Principal Retirement and Interest and Fiscal Charges in the Fire Fund in 2021;
- OPWC Debt Proceeds and the corresponding Capital Outlay disbursements were not recorded in the Construction Projects, Sewer Rehab Construction Projects, and Sewer Funds in 2022 and 2021;
- Disbursements for project expenses were misclassified as Principal Retirement instead of Capital Outlay in the Construction Projects and Sewer Rehab Construction Projects Funds in 2022; and
- Intra-fund transfers from the Income Tax Fund to the General Fund were not eliminated for financial statement presentation in 2022.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassification entries. The Financial Statements reflect all reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We also recommend the Chief Financial Officer refer to the Village Officer's Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

**Officials' Response** – The misclassifications from audited previous years were under a different CFO. Moving forward, we will verify each project accordingly and classify them appropriately in our accounting system. This will ensure system input is done correctly. The intra-fund transfers from the Income Tax Fund to the General Fund were prepared incorrectly in the Hinkle filing from 2022. We will make sure they prepare the filing correctly moving forward.

VILLAGE OF NEW LEBANON  
MONTGOMERY COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2022-002

**Noncompliance**

**Ohio Rev. Code 5705.10(H)** states that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

As of December 31, 2022, the Construction Projects Fund and Sewer Rehabilitation Project Fund had negative fund balances of \$88,521 and \$160,314, respectively. As of December 31, 2021, the Construction Projects Fund and Sewer Rehabilitation Fund had negative fund balances of \$36,451 and \$154,411, respectively.

We recommend the Village's Management monitor fund balances and make allowable transfers or advances to cover any prospective short falls.

**Officials' Response** – We are aware of the negative fund balance and have addressed the issue. We will monitor fund balances and if negative fund balance occurs, advances will be made to cover the deficit.

**VILLAGE OF NEW LEBANON  
MONTGOMERY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

| Finding Number | Finding Summary                      | Status        | Additional Information       |
|----------------|--------------------------------------|---------------|------------------------------|
| 2020-001       | Financial Reporting                  | Not Corrected | Repeated as Finding 2022-001 |
| 2020-002       | Ohio Revised Code Section 5705.10(H) | Not Corrected | Repeated as Finding 2022-002 |

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF NEW LEBANON**

**MONTGOMERY 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 8/24/2023**

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

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