

**Village of New Madison
Darke County**

**Notes to the Financial Statements
December 31, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of New Madison, Darke County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations and provides security through the Darke County Sheriff's Office. The Village contracts with New Madison Fire Department Association to receive fire protection services and with Tri-Village Joint Ambulance District for rescue services.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

C. 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.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. 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:

Street Construction, Maintenance & Repair Fund – Receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

State Highway Fund –Receives proceeds from the County Auditor for license tax and is used for state highway expense only.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Road Levy Fund – Receives property tax levy proceeds for improving Village roads.

Fire Levy Fund – Receives property tax levy proceeds to provide funding for fire protection services for the Village.

Police Levy Fund – Receives property tax levy proceeds that are used to provide security in the Village with the Darke County Sheriff's Department.

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds.

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

4. Capital Projects Fund

– Fund 4902 Wastewater Plant Expansion will be used for grants and loans in upgrading the sewer plant to take on Wayne Lakes. Fund 4903 consists Ohio Public Works and CDBG grants/loan for Washington Street Project upgrading water lines, sidewalks, curbs and street.

5. 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 – Charges for services from residents to cover water service costs.

Water Operating Water Tower Fund – Charges for services from residents to cover debt payment for tower.

Water Usage Overage Fund – Water usage overages are transferred to this fund quarterly and to be used for maintenance and repairs for tower.

Sewer Operating Fund – Receives charges for services from residents to cover sewer service costs.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. 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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. 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 also approve estimated resources.

3. 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 re-appropriated.

F. 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-fun resources. The classifications are as follows:

1. Non-Spendable

The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

2. 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 the other governments; or is imposed by law through constitutional provisions.

3. 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.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted or committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. 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.

G. Property, Plant, and Equipment

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

H. 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.

EQUITY IN POOLED 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:

Demand deposits	\$ 396,303.42
Certificate of deposit	\$ 69,758.29

Certificate of deposit	\$ 501,933.06
Certificate of deposit	\$ 511,805.47
Star Ohio	\$ 452,683.38
Total deposits	\$ 1,932,483.62

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

BUDGETARY ACTIVITY

Budgetary activity for year ending December 31, 2023.

2023 Budgeted vs. Actual Receipts

2023 Budgeted vs. Actual Expenditures

Fund Type	Receipts			Expenditures		
	Budgeted Receipts	Actual Receipts	Variance	Appropriation Authority	Budgetary Expenditures	Variance
General	\$372,708.22	\$362,651.87	-\$10,056.35	\$450,967.36	\$468,626.34	\$82,341.02
Special						
Revenue	\$192,877.35	\$170,173.54	\$2,073.19	\$434,397.67	\$291,631.85	\$142,765.82
Debt						
Service	\$147,049.59	\$149,914.86	\$2,865.27	\$289,027.75	\$99,460.88	\$189,566.87
Capital						
Projects	\$590,000.00	\$450,280.19	-\$139,719.81	\$537,000.00	\$450,280.19	\$86,719.81
Enterprise	\$510,125.23	\$553,962.99	\$43,837.76	\$1,006,649.00	\$562,170.96	\$445,042.72
	\$1,812,760.39	\$1,686,983.45	-\$100,999.94	\$2,718,041.78	\$1,872,170.22	\$946,436.24

PROPERTY TAX

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. 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

LOCAL INCOME TAX

The Village levies a municipal income tax of 1 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 CCA Division of Taxation, Cleveland, OH either monthly or quarterly, as required. CCA remits payments to the village monthly. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

DEBT

Debt outstanding at December 31, 2023 was as follows:

	Principal	Interest
Refinanced USDA Mortgage Revenue Bond 92-01- OWDA	\$1,148,103.13	1.5%
Refinanced USDA Mortgage Revenue Bond 92-03 – OWDA	\$243,998.86	1.5%
Refinanced USDA General Obligation Bond 92-05 – OWDA	\$319,302.17	1.5%
Ohio Public Works - Tower	\$416,008.88	0.0%
Ohio Public Works – Washington St.	\$105,177.34	0.0%
Total		

The United States Department of Agriculture (USDA) mortgage revenue bonds relate to sewer plant construction project the Ohio Environmental Protection Agency mandated. The USDA mortgage revenue bonds were refinanced at a lower interest rate in 2022 with Ohio Water Development Authority. The Village will repay the bonds in semi-annual installments including interest over 21 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover USDA debt service requirements.

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

The Ohio Public Works Commission loan is an interest free loan, which was obtained to aid in construction of the water tower. This loan is being paid in semi-annual installments of \$7,172.00. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

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

Year Ending December 31:	OWDA - USDA Mortgage Revenue Bond	OWDA - USDA General Obligation	OPWC Loan
2023	\$71,706.41	\$27,744.47	\$26,844.00
2024	\$72,793.26	\$26,667.62	\$16,096.95
2025-2029	\$380,886.51	\$116,443.89	\$80,484.75
2030-2034	\$410,605.88	\$86,698.52	\$80,484.75
2035-2039	\$442,681.38	\$53,523.03	\$80,484.75
2040-2044	\$477,262.41	\$20,041.89	\$80,484.75
Total	\$1,891,780.33	\$345,005.38	\$364,879.95

RETIREMENT SYSTEMS

Ohio Public Employees Retirement System (OPERS)

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

The Ohio Revised Code also prescribes contribution rates. For 2023, 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.

Social Security

Council members contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Council members contribute 6.2 percent of their earnings. The Village contributes an amount equal to 6.2 percent of participants' earnings. The Village has paid all contributions required through December 31, 2023.

RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. 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.