



**VILLAGE OF NEW MIDDLETOWN
MAHONING COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Village of New Middletown
Mahoning County
10711 Main Street
New Middletown, Ohio 44442

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of New Middletown, Mahoning County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of New Middletown, as of December 31, 2023 and 2022, or the changes in financial position 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 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.

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 November 13, 2024, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

November 13, 2024

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**VILLAGE OF NEW MIDDLETOWN
MAHONING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$73,384	\$363,974	\$437,358
Fines and Forfeitures	80,409	685	81,094
Intergovernmental	35,726	225,421	261,147
Special Assessments		16,343	16,343
Earnings on Investments	1,031	3,839	4,870
Miscellaneous	25,996	71,985	97,981
<i>Total Cash Receipts</i>	<u>216,546</u>	<u>682,247</u>	<u>898,793</u>
Cash Disbursements			
Current:			
Security of Persons & Property	119	364,071	364,190
Public Health Services	99		99
Leisure Time Activities	1,584		1,584
Community Environment	5,224	14,350	19,574
Basic Utility Services		4,290	4,290
Transportation		154,694	154,694
General Government	232,222	9,815	242,037
Capital Outlay		129,535	129,535
Debt Service:			
Principal Retirement		11,386	11,386
Interest and Fiscal Charges		1,213	1,213
<i>Total Cash Disbursements</i>	<u>239,248</u>	<u>689,354</u>	<u>928,602</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(22,702)</u>	<u>(7,107)</u>	<u>(29,809)</u>
Other Financing Receipts (Disbursements)			
Advances In	17,500	17,500	35,000
Advances Out	(17,500)	(17,500)	(35,000)
Other Financing Sources		6,740	6,740
Other Financing Uses		(3,043)	(3,043)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>3,697</u>	<u>3,697</u>
<i>Net Change in Fund Cash Balances</i>	<u>(22,702)</u>	<u>(3,410)</u>	<u>(26,112)</u>
<i>Fund Cash Balances, January 1</i>	<u>39,420</u>	<u>304,280</u>	<u>343,700</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$16,718</u></u>	<u><u>\$300,870</u></u>	<u><u>\$317,588</u></u>

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

**VILLAGE OF NEW MIDDLETOWN
MAHONING COUNTY**

**COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Fiduciary Fund Type</u>
	<u>Custodial</u>
Additions	
Fines, Licenses and Permits for Distribution	<u>\$12,632</u>
<i>Total Additions</i>	<u>12,632</u>
Deductions	
Other Distributions	<u>11,562</u>
<i>Total Deductions</i>	<u>11,562</u>
<i>Net Change in Fund Balances</i>	<u>1,070</u>
<i>Fund Cash Balances, January 1</i>	<u>170</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,240</u></u>

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

Village of New Middletown, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The Village of New Middletown (the Village), Mahoning County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides park operations, police services and Fire and EMS Services.

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

The Village participates in a public entity risk pool (PEP). Note 6 to the financial statements provide additional information for this entity. 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 additions, deductions and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are all organized on a fund type basis.

Fund Accounting

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

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

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

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

Park and Recreation Fund The parks and recreation fund accounts for and reports pavilion rentals which are used to help maintain the park.

Police Fund The police fund accounts for and reports property tax monies levied for the purpose of police protection services.

Fire Fund The fire fund accounts for and reports property tax monies levied for the purpose of fire protection services.

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

Village of New Middletown, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for the financial activity of the Village's Mayor's Court.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

Basis of Accounting

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

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

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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 re-appropriated.

A summary of 2023 budgetary activity appears in Note 3.

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 Middletown, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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

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

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

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

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.

Village of New Middletown, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$224,645	\$216,546	(\$8,099)
Special Revenue	581,019	688,987	107,968
Total	<u>\$805,664</u>	<u>\$905,533</u>	<u>\$99,869</u>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$281,022	\$242,567	\$38,455
Special Revenue	980,099	703,857	276,242
Total	<u>\$1,261,121</u>	<u>\$946,424</u>	<u>\$314,697</u>

Note 4 – Deposits and Investments

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

	2023
<i>Cash Management Pool:</i>	
Demand deposits	<u>\$240,551</u>
Total deposits	<u>240,551</u>
 STAR Ohio	 78,277
Total investments	<u>78,277</u>
Total carrying amount of deposits and investments held in the Pool	<u>318,828</u>

Deposits

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

Investments

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

Village of New Middletown, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 5– Property Taxes

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

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

Note 6 – Risk Management

Risk Pool Membership

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

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

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

	<u>2023</u>
Cash and investments	\$ 43,996,442
Actuarial liabilities	\$19,743,401

Workers' Compensation

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.

Village of New Middletown, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2023.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Village of New Middletown, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Debt

Debt outstanding at December 31, 2023, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio public Works (OPWC Loan)	\$18,750	0%
Fire Dept. Pickup truck	\$16,459	4.13%
 Total	 <u><u>\$35,209</u></u>	

The Ohio Public Works Commission (OPWC) loan was for street improvements to be paid in semi-annually installments of \$3,749 over 20 years. The loan has zero percent interest. The Village issued a note in order to finance a used pickup truck for the Village Fire and EMS to use as response vehicle. The loan has a 4.13 interest rate. The installments of \$2,549 plus interest are due semi-annually for a total of 5 years.

Amortization

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

Year Ending	<u>OPWC Loan</u>	<u>Pick up</u>
2024	\$7,500	\$5,099
2025	\$7,500	\$5,099
2026	\$3,750	\$5,099
2027	\$2,500	\$2,550
Total	<u><u>\$18,750</u></u>	<u><u>\$17,847</u></u>

Note 10 – Contingent Liabilities

The Village was a defendant in a lawsuit pending in the Mahoning County Common Pleas Court, Case #2020 CV 1663. The plaintiff in that lawsuit seeks damages from the Village for storm flooding of the basement of a rental property owned by the plaintiff. The Village intends to contest the claim vigorously, and the Village believes it has meritorious defense to the claims. The Village cannot presently determine the outcome of this lawsuit and is unable to express an opinion as to whether a favorable or unfavorable outcome is probable. However, the Village believes that the resolution of this matter will not adversely affect the Village's financial condition. Update end of December 2022 the Court of Appeals agreed with the Village and overturned the trial court. Waiting to see if an appeal is made. The defendant in this case had passed away and his estate did not want to appeal the case.

Village of New Middletown, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 11 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

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. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	3,319	11,460	14,779
<i>Total</i>	<u>\$3,319</u>	<u>\$11,460</u>	<u>\$14,779</u>

Note 13 – Subsequent Events

A 3.5 mill levy was put on the ballot for the Fire and Emergency Squad which passed November of 2023. Taxes will be collected in 2024.

On July 25, 2024, the Village purchased an ambulance for the Fire and EMS Squad at a cost of \$224,112.

Debit cards were received from the Ohio Edison Electricity Litigation in the amounts of \$97 and \$68 for a total of \$165. They have not been used as of December 31, 2023. When used it will be documented and accounted for.

Note 14 – 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 ended in April 2023. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

**VILLAGE OF NEW MIDDLETOWN
MAHONING COUNTY**

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$73,421	\$321,427		\$394,848
Fines and Forfeitures	104,691	2,524		107,215
Intergovernmental	35,797	267,345	\$74,240	377,382
Special Assessments		15,298		15,298
Earnings on Investments	687	1,709		2,396
Miscellaneous	10,110	7,236		17,346
<i>Total Cash Receipts</i>	<u>224,706</u>	<u>615,539</u>	<u>74,240</u>	<u>914,485</u>
Cash Disbursements				
Current:				
Security of Persons & Property	1,037	404,244		405,281
Public Health Services	365			365
Leisure Time Activities	234			234
Community Environment	5,629			5,629
Basic Utility Services		4,822		4,822
Transportation		135,630		135,630
General Government	233,241	24,284		257,525
Capital Outlay		79,865	74,240	154,105
Debt Service:				
Principal Retirement		17,907		17,907
Interest and Fiscal Charges		311		311
<i>Total Cash Disbursements</i>	<u>240,506</u>	<u>667,063</u>	<u>74,240</u>	<u>981,809</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(15,800)</u>	<u>(51,524)</u>	<u>0</u>	<u>(67,324)</u>
Other Financing Receipts (Disbursements)				
Other Financing Sources		6,878		6,878
Other Financing Uses		(5,402)		(5,402)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>1,476</u>	<u>0</u>	<u>1,476</u>
<i>Net Change in Fund Cash Balances</i>	<u>(15,800)</u>	<u>(50,048)</u>	<u>0</u>	<u>(65,848)</u>
<i>Fund Cash Balances, January 1</i>	<u>55,220</u>	<u>354,328</u>	<u>0</u>	<u>409,548</u>
<i>Fund Cash Balances, December 31</i>	<u>\$39,420</u>	<u>\$304,280</u>	<u>\$0</u>	<u>\$343,700</u>

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

**VILLAGE OF NEW MIDDLETOWN
MAHONING COUNTY**

**COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Fiduciary Fund Type</u>
	<u>Custodial</u>
Additions	
Fines, Licenses and Permits for Distribution	<u>\$35,788</u>
<i>Total Additions</i>	<u>35,788</u>
Deductions	
Other Distributions	<u>41,896</u>
<i>Total Deductions</i>	<u>41,896</u>
<i>Net Change in Fund Balances</i>	<u>(6,108)</u>
<i>Fund Cash Balances, January 1</i>	<u>6,278</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$170</u></u>

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

Village of New Middletown, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of New Middletown, (the Village), Mahoning County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides park operations, police services and Fire and EMS services.

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

The Village participates in a public entity risk pool (PEP). Note 6 to the financial statements provide additional information for this entity. 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 additions, deductions and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are all organized on a fund type basis.

Fund Accounting

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

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

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

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

Parks and Recreation Fund The Parks and Recreation Fund accounts for and reports pavilion rentals which are used to help maintain the park.

Police Fund The police fund accounts for and reports property tax monies levied for the purpose of police protection services.

Fire Fund The fire fund accounts for and reports property tax monies levied for the purpose of fire protection services.

Capital Project Funds This fund accounts 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: The Village had State Grants-Ohio Public Works Commission.

Village of New Middletown, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for the financial activity of the Village's Mayor's Court.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

Basis of Accounting

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

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

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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 re-appropriated.

A summary of 2022 budgetary activity appears in Note 3.

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 Middletown, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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:

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

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

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

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

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.

Village of New Middletown, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Budgetary Activity

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

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$223,917	\$224,706	\$789
Special Revenue	709,762	622,417	(87,345)
Capital Projects	75,000	74,240	(760)
Total	<u>\$1,008,679</u>	<u>\$921,363</u>	<u>(\$87,316)</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$271,850	\$247,043	\$24,807
Special Revenue	953,157	678,640	274,517
Capital Projects	75,000	74,240	760
Total	<u>\$1,300,007</u>	<u>\$999,923</u>	<u>\$300,084</u>

Note 4– Deposits and Investments

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

	2022
<i>Cash Management Pool:</i>	
Demand deposits	\$269,450
Total deposits	<u>269,450</u>
STAR Ohio	74,420
Total investments	<u>74,420</u>
Total carrying amount of deposits and investments held in the Pool	<u><u>343,870</u></u>

Deposits

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

Investments

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

Village of New Middletown, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5– Property Taxes

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

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

Note 6 – Risk Management

Risk Pool Membership

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

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

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

	<u>2022</u>
Cash and investments	\$42,310,794
Actuarial liabilities	\$15,724,479

Workers' Compensation

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.

Village of New Middletown, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some 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 health care and survivor and disability benefits.

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

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2022.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 8 – Postemployment Benefits

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

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

Village of New Middletown, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt

Debt outstanding at December 31, 2022, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works (OPWC LOAN)	\$26,250	0%
Fire Department pickup truck	\$20,345	4.13%
 Total	 <u><u>\$46,595</u></u>	

The Ohio Public Works Commission (OPWC) loan was for street improvements to be paid in semi-annually installments of \$3,750 over 20 years. The loan has zero percent interest. The Village issued a note in order to finance the purchase of a used pickup truck for the Village Fire and EMS to use as a respond vehicle the loan has a 4.13% interest rate. The installments of \$2,549 are paid semi-annually for 5 years.

Amortization

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

<u>Year Ending December 31:</u>	<u>OPWC Loan</u>	<u>Fire Pickup truck</u>
2023	\$7,500	\$5,099
2024	7,500	5,099
2025	7,500	5,099
2026	3,750	5,099
2027		2,550
 Total	 <u><u>\$26,250</u></u>	 <u><u>\$22,946</u></u>

Note 10 – Contingent Liabilities

The Village is a defendant in a lawsuit pending in the Mahoning County Common Pleas Court, Case #2020 CV 1663. The plaintiff in that lawsuit seeks damages from the Village for storm flooding of the basement of a rental property owned by the plaintiff. The Village intends to contest the claim vigorously, and the Village believes it has meritorious defense to the claims. The Village cannot presently determine the outcome of this lawsuit and is unable to express an opinion as to whether a favorable or unfavorable outcome is probable. However, the Village believes that the resolution of this matter will not adversely affect the Village's financial condition. Update end of December 2022 the Court of Appeals agreed with the Village and overturned the trial court. Waiting to see if an appeal is made.

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

Village of New Middletown, Ohio
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 11 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

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. 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:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	6,537	6,175	12,712
<i>Total</i>	<u>\$6,537</u>	<u>\$6,175</u>	<u>\$12,712</u>

Note 13 – Subsequent Events

The Village added a 1.5 mill levy for the Street Department Tax year 2022 Collection year 2023.

On February 13, 2023, the Village purchased property along Main Street (old Elementary School property) from the Springfield Local Schools and plan to eventually build a community center.

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

OHIO AUDITOR OF STATE KEITH FABER



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

Village of New Middletown
Mahoning County
10711 Main Street
New Middletown, Ohio 44442

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 the governmental fund types and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Village of New Middletown, Mahoning County, (the Village) and have issued our report thereon dated November 13, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings as item 2023-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings as item 2023-002 to be a significant deficiency.

Report on Compliance and Other Matters

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

Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying schedule of 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.



Keith Faber
Auditor of State
Columbus, Ohio

November 13, 2024

**VILLAGE OF NEW MIDDLETOWN
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023**

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

1. Financial Reporting

FINDING NUMBER 2023-001

MATERIAL WEAKNESS

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

Due to lack of adequate controls over the preparation of the financial statements, the following errors were noted in the Village's 2022 financial statements:

- The Village received OPWC money totaling \$75,000 for road projects, of this amount \$760 was paid to the Village and \$74,240 was paid directly to contractors. The Village posted \$75,000 as on-behalf payments; they should have only posted \$74,240 as on-behalf payments. In addition, the Village posted this amount to Special Assessment and should have posted it to Intergovernmental Revenue.
- The Village failed to record Mayor's Court activity as a Custodial Fund in the Uniform Accounting Network (UAN) system. The beginning fund cash balance at January 1, 2022 for the Mayor's Court Fund was \$6,278; Operating Receipts were \$35,788; Operating Disbursements were \$41,896; and the December 31, 2022 cash fund balance was \$170.

The audit adjustments above are reflected in the financial statements.

- Also in 2022, the Village issued Notes for the purchase of a Fire/EMS response vehicle in the amount totaling \$20,345. However, the proceeds of this note were not included on the Village's financial statements. No adjustments to the financial statements were made for this error.

In 2023:

- The Village received/spent a Monsanto Settlement check in the amount totaling \$17,414. AOS frequently asked questions indicates this receipt should have been posted to a special revenue fund and not the general fund. The Village posted this receipt to the general fund in error. However, the amount is not material to the special revenue funds and as such, the financial statements will not be adjusted.

Improper posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

To help ensure the Village's financial statements are accurate, the Village should adopt policies and procedures to help identify and correct errors and omissions. In addition, the Village should review the financial statements and notes prior to submission for audit.

Official's Response: The Village of New Middletown will record Mayor's Court in a custodial fund in the UAN System as this was pointed out in the 2022-2023 audit. The Village will work to correct the issues addressed above.

2. Budgetary Amounts Not Properly Recorded

FINDING NUMBER 2023-002

SIGNIFICANT DEFICIENCY

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

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Council to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Village and the appropriation ledger provides the process by which the Village controls spending, it is therefore necessary the amounts appropriated by the Council are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Village and the receipts ledger provides the process by which the Village controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipt ledger.

During 2023 the Village's final certificate of estimated resources did not agree with the Village's UAN accounting system for both the General fund and the Special Revenue fund. For the General fund the final certificate of estimated resources was \$224,645 and the UAN revenue status report for the final budget was \$255,592 for a difference of (\$30,947). For the Special Revenue fund the final certificate of estimated resources was \$581,019 and the UAN revenue status report for the final budget was \$761,417 for a difference of (\$180,398).

During 2022 the Village's final certificate of estimated resources did not agree with the Village's UAN accounting system for both the General fund and Special Revenue fund. For the General fund the final certificate of estimated resources was \$223,917 and the UAN revenue status report for the final budget was \$281,324 for a difference of (\$57,407). For the Special Revenue fund the final certificate of estimated resources was \$709,762 and the UAN revenue status report for the final budget was \$967,966 for a difference of (\$258,204).

Failure to accurately post the appropriations and estimated resources to the ledgers contributed to the following errors to the Village's Budgetary Notes:

2023:

- Budgeted Receipts in the Special Revenue Fund were understated by \$13,000
- Budgeted Receipts in the Special Assessment Fund were overstated by \$13,000
- Actual Receipts in the General Fund were understated by \$17,500
- Actual Receipts in the Special Revenue Fund were understated by \$29,770
- Actual Receipts in the Special Assessment Fund were overstated by \$12,270
- Appropriation Authority in the General Fund was understated by \$13,077
- Appropriation Authority in the Special Revenue Fund was understated by \$26,351

- Appropriation Authority in the Special Assessment Fund was overstated by \$14,000
- Actual Expenditures in the General Fund were understated by \$14,181
- Actual Expenditures in the Special Revenue Fund were understated by \$29,978
- Actual Expenditures in the Special Assessment Fund were overstated by \$12,478

2022:

- Budgeted Receipts in the General Fund were understated by \$43,464
- Budgeted Receipts in the Special Revenue Fund were understated by \$250,060
- Budgeted Receipts in the Special Assessment Fund were overstated by \$16,000
- Actual Receipts in the Special Revenue Fund were understated by \$8,657
- Actual Receipts in the Special Assessment Fund were overstated by \$8,656
- Appropriation Authority in the Special Revenue Fund was overstated by \$255,850
- Appropriation Authority in the Special Assessment Fund was overstated by \$16,000
- Actual Expenditures in the General Fund were overstated by \$109
- Actual Expenditures in the Special Revenue Fund were overstated by \$61,649
- Actual Expenditures in the Capital Projects Fund were overstated by \$75,000
- Actual Expenditures in the Special Assessment Fund were understated by \$61,649

The budgetary footnotes have been adjusted for the above errors.

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by Council were not accurately posted to the accounting system. Additionally, the approved Certificate of Estimated Resources (and/or amendments thereof) was not accurately posted to the accounting system.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Village should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Council. The Village should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

Additionally, the Village should adopt policies and procedures to help identify and correct errors and omissions and review the financial statements and notes prior to submission for audit.

Official's Response: The Village of New Middletown will take measures to correct and monitor the Budget versus Actual reports. The Village will review and adopt policies and procedures to identify and correct errors and omissions moving forward.

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Mayor
Michelle Butler Myers

Village of New Middletown
10711 Main Street
New Middletown, OH 44442
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Fiscal Officer
Kathleen Foster

VILLAGE OF NEW MIDDLETOWN
MAHONING COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2023 AND 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	Incorrect posting of receipts and transactions during both prior years.	Not Corrected	See Finding 2023-001 of the current year.
2021-002	Budgetary amounts not recorded in the accounting system properly.	Not Corrected	See Finding 2023-002 of the current year.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF NEW MIDDLETOWN

MAHONING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/3/2024

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

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