

**VILLAGE OF NEW LEXINGTON
PERRY COUNTY, OHIO**

CASH BASIS FINANCIAL STATEMENTS

December 31, 2011



Dave Yost • Auditor of State

Village Council
Village of New Lexington
215 South Main Street
New Lexington, Ohio 43764

We have reviewed the Independent Auditor's Report of the Village of New Lexington, Perry County, prepared by Hurst, Kelly & Company LLC, for the audit period January 1, 2011 through December 31, 2011. 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 Council is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

December 26, 2012

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VILLAGE OF NEW LEXINGTON
PERRY COUNTY

December 31, 2011

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INDEPENDENT AUDITORS' REPORT

Village of New Lexington
215 South Main Street
New Lexington, Ohio 43764

To Village Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of New Lexington, Perry County, as of and for the year ended December 31, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

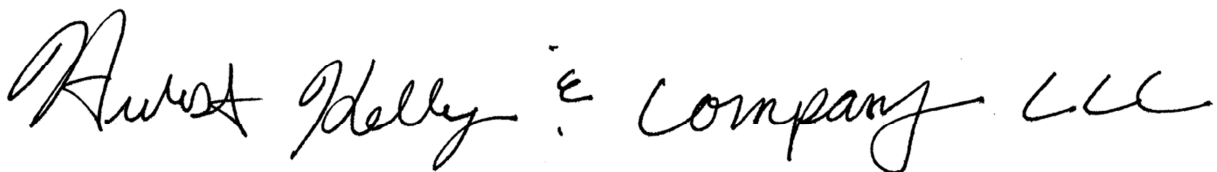
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of New Lexington, Perry County, as of December 31, 2011, and the respective changes in cash financial position, thereof and the respective budgetary comparisons for the General Fund and Fire and EMS Fund thereof for the year then ended in conformity with the accounting basis Note 2 describes.

The accompanying cash basis financial statements have been prepared assuming that the Village will continue as a going concern. As discussed in Note 15 to the basic financial statements, the Village has suffered recurring cash-basis losses from governmental operations and has a cash-basis governmental activities net asset deficiency that raise substantial doubt about its ability to continue as a going concern. Note 15 describes management's plans regarding these matters. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As described in Note 16, during 2011 the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2012 on our consideration of the Village of New Lexington's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

We conducted our audit to opine on the Village's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, program cash receipts and disbursements, fund balances and long-term debt. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

A handwritten signature in cursive script that reads "Robert Kelly & Company LLC". The signature is written in black ink and is positioned above the typed address and date.

Mason, Ohio
November 5, 2012

Village of New Lexington
Perry County
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

The management's discussion and analysis of the Village of New Lexington's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2011, within the limitations of the Village's cash basis of accounting. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the cash basis basic financial statements and the notes to the basic financial statements to enhance their understanding of the Village's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

- The total net assets of the Village decreased \$392,811. Net assets of governmental activities decreased \$446,301 or 805% from 2010 and net assets of business-type activities increased \$53,490 or 7% from 2010.
- General cash receipts accounted for \$1,189,960 or 58% of total governmental activities cash receipts. Program specific cash receipts accounted for \$867,391 or 42% of total governmental activities cash receipts. Total governmental activities cash receipts for 2011 were \$2,057,351.
- The Village had \$2,503,652 in cash disbursements related to governmental activities; \$867,391 of these cash disbursements were offset by program specific charges for services and sales, grants or contributions. The remaining cash disbursements of the governmental activities of \$1,636,261 were partially offset by general cash receipts (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$1,189,960 and beginning net asset balances of \$55,241.
- The Village's major governmental funds are the General Fund, the Fire and EMS Special Revenue Fund, and Pool Improvement Bond Debt Service Fund. The General Fund had cash receipts and other financing sources of \$1,428,455 and cash disbursements of \$1,730,656. The net decrease in fund balance for the General Fund was \$302,201 or 586%.
- The Fire and EMS Fund had cash receipts and other financing sources of \$347,941 and cash disbursements of \$466,738. The net decrease in fund balance was \$118,797 or 381%.
- The Pool Improvement Bond Fund had cash receipts of \$28,829 and cash disbursements of \$28,384. The net increase in fund balance was \$445 or 1%.
- The Water Fund had cash receipts \$1,237,082 and cash disbursements of \$1,180,767 in 2011. The net change in net assets was an increase of \$56,315 or 14%.
- The Sewer Fund had cash receipts of \$1,058,928 and cash disbursements of \$1,061,753 in 2011. The net change in net assets was a decrease of \$2,825 or 1%.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Village's cash basis of accounting.

The statement of net assets—cash basis and statement of activities—cash basis provide information about the activities of the Village as a whole, presenting an aggregate view of the Village's cash basis finances. Fund financial statements provide the next level of detail. The fund financial statements look at the Village's most significant funds with all other nonmajor funds presented in total in one column.

Village of New Lexington
Perry County
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Since the Village uses the cash basis of accounting, certain assets and their related revenues and liabilities and their related expenses are not recorded on these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Village as a Whole

Statement of Net Assets and the Statement of Activities

A general question typically asked about the Village's finances is "How did we do financially during 2011?" The statement of net assets-cash basis and the statement of activities-cash basis answer this question. These statements include only net assets using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's cash receipts and cash disbursements if the cash is actually received or paid.

These two statements report the Village's net assets and changes in those assets on a cash basis. This change in net assets is important because it tells the reader that, for the Village as a whole, the financial position of the Village has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Village's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required community programs and other factors.

In the statement of net assets-cash basis and the statement of activities-cash basis, the Village is divided into two distinct kinds of activities:

Governmental activities - Most of the Village's programs and services are reported here including police, street maintenance, capital improvements and general administration. These services are funded primarily by property and income taxes and intergovernmental receipts including federal and state grants and other shared receipts.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the disbursements for the goods or services provided. The Village's water and sewer operations are reported here.

Reporting the Village's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate the money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: governmental, proprietary and fiduciary.

Village of New Lexington
Perry County
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

Governmental Funds

Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund, Fire and EMS Fund, and Pool Improvement Bond Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the government-wide statements.

Proprietary Funds

When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has two enterprise funds, the Water Fund and Sewer Fund, which are used to account for its water and sewer functions.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The Village's only fiduciary fund is an agency fund which is used to account for the retainage for contracts with vendors. Only the cash held at year end for agency funds is presented. However, this fund had a zero balance at December 31, 2011.

The Village of New Lexington as a Whole

Recall that the statement of net assets—cash basis provides the perspective of the Village as a whole.

The table below provides a summary of the Village's net assets for 2011 and 2010.

	Net Assets			
	Governmental Activities		Business-Type Activities	
	2011	2010	2011	2010
Assets:				
Cash and investments	(\$390,880)	\$55,421	\$813,144	\$759,654
Total assets	<u>(\$390,880)</u>	<u>\$55,421</u>	<u>\$813,144</u>	<u>\$759,654</u>
Net assets:				
Restricted	\$112,914	\$138,217	\$0	\$0
Unrestricted (deficit)	(503,794)	(82,796)	813,144	759,654
Total net assets	<u>(\$390,880)</u>	<u>\$55,421</u>	<u>\$813,144</u>	<u>\$759,654</u>

The total net assets of the Village decreased \$392,811. Net assets of governmental activities decreased \$446,301 or 805% from 2010 and net assets of business-type activities increased \$53,490 or 7% from 2010.

Village of New Lexington
Perry County
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

The table below provides a summary of changes in the Village's net assets for 2011 and 2010.

	Change in Net Assets			
	Governmental Activities		Business-Type Activities	
	2011	2010*	2011	2010
Cash receipts:				
Program cash receipts:				
Charges for services and sales	\$669,719	\$648,812	\$1,869,763	\$1,877,754
Operating grants and contributions	197,672	193,085	0	0
Capital grants and contributions	0	750,000	207,844	101,837
Total program cash receipts	867,391	1,591,897	2,077,607	1,979,591
General cash receipts:				
Property taxes	165,758	162,799	0	0
Income taxes	791,854	748,857	0	0
Other local taxes	0	64,403	0	0
Unrestricted grants and entitlements	99,346	128,510	0	0
Proceeds from loans	0	0	194,758	208,662
Proceeds from notes	60,675	600,000	0	0
Interest	2,560	3,884	118	400
Donations	562	14,126	0	0
Miscellaneous	69,205	52,691	23,527	11,079
Total general cash receipts	1,189,960	1,775,270	218,403	220,141
Total cash receipts	2,057,351	3,367,167	2,296,010	2,199,732
Cash disbursements:				
General government	714,855	565,687	0	0
Security of persons and property	1,209,139	1,089,823	0	0
Leisure time activities	72,029	59,654	0	0
Health	30,590	31,232	0	0
Transportation	226,305	253,323	0	0
Capital outlay	58,976	1,352,500	0	0
Debt service:				
Principal	102,165	55,810	0	0
Interest and fiscal charges	89,593	67,149	0	0
Water	0	0	1,180,767	1,123,856
Sewer	0	0	1,061,753	867,093
Total cash disbursements	2,503,652	3,475,178	2,242,520	1,990,949
Change in net assets	(446,301)	(108,011)	53,490	208,783
Net assets, beginning of year	55,421	163,432	759,654	550,871
Net assets, end of year	(\$390,880)	\$55,421	\$813,144	\$759,654

*Restated for consistent presentation between years.

Village of New Lexington
Perry County
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

Governmental activities net assets decreased \$446,301 in 2011. Security of persons and property, which primarily supports the operations of the police, fire, and emergency medical services departments, accounted for \$1,209,139 of the total cash disbursements of the Village. General cash receipts totaled \$1,189,960 and amounted to 58% of total cash receipts. General cash receipts primarily consist of property and income tax receipts, unrestricted grants and entitlements, and note proceeds.

The statement of activities-cash basis shows the cost of program services and the charges for services and sales, grants and contributions offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax receipts and unrestricted grants and entitlements. The Village is highly dependent upon property and income taxes as well as charges for services to support its governmental activities.

Program Cash Receipts vs. Total Cash Disbursements

	Total Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2011	Net Cost of Services 2010
Program cash disbursements:				
General government	\$714,855	\$565,687	\$635,943	\$486,993
Security of persons and property	1,209,139	1,089,823	636,545	636,292
Leisure time activity	72,029	59,654	59,484	49,577
Health	30,590	31,232	14,322	14,394
Transportation	226,305	253,323	39,233	60,238
Capital outlay	58,976	1,352,500	58,976	602,500
Debt service:				
Principal	102,165	55,810	102,165	55,810
Interest and fiscal charges	89,593	67,149	89,593	67,149
Total	\$2,503,652	\$3,475,178	\$1,636,261	\$1,972,953

Business-Type Activities

Business-type activities include the water and sewer funds. These major funds had program cash receipts of \$2,077,607, general cash receipts of \$218,403 and cash disbursements of \$2,242,520 for 2011.

Financial Analysis of the Village's Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The Village's governmental funds are accounted for using the cash basis of accounting.

Village of New Lexington
Perry County
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

The Village's governmental funds reported a combined fund cash balance of (\$390,880), which is \$446,301 lower than last year's combined total of \$55,421. The schedule below indicates the fund cash balance and the total change in fund cash balances as of December 31, 2011 and 2010, for all major and nonmajor governmental funds.

	Fund Balances (Deficits) 12/31/11	Fund Balances (Deficits) 12/31/10	Increase (Decrease)
Major funds:			
General	(\$353,798)	(\$51,597)	(\$302,201)
Fire and EMS	(149,996)	(31,199)	(118,797)
Pool Improvement Bond	51,623	51,178	445
Other governmental funds	61,291	87,039	(25,748)
Total	(\$390,880)	\$55,421	(\$446,301)

Budgeting Highlights - General Fund

The Village's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the Village's appropriations which are restricted by the amounts of anticipated receipts certified by the County Budget Commission in accordance with the ORC. Therefore, the Village's plans or desires cannot be totally reflected in the original budget. If budgeted receipts are adjusted due to actual activity then the appropriations can be adjusted accordingly.

Budgetary information is presented for the General Fund and Fire and EMS Fund. In the General Fund, the actual cash receipts and other financing sources were \$211,444 higher than they were in the final budget and actual cash disbursements were \$445,629 higher than the amount in the final budget.

Capital Assets and Debt Administration

Capital Assets

The Village does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as cash disbursements. The Village had capital outlay cash disbursements of \$58,976 in governmental funds and \$372,318 in enterprise funds during 2011.

Debt Administration

The Village had the following long-term obligations outstanding at December 31, 2011 and 2010:

	Governmental Activities	
	2011	2010
General obligation bonds	\$105,000	\$125,000
General obligation notes	1,823,817	1,845,307
Total long-term obligations	\$1,928,817	\$1,970,307

Village of New Lexington
Perry County
Management's Discussion and Analysis
For the Year Ended December 31, 2011
(Unaudited)

	Business-Type Activities	
	2011	2010
Mortgage revenue bonds	\$888,778	\$918,819
OWDA loans	3,169,670	3,223,904
OPWC loans	435,474	450,809
Total long-term obligations	<u>\$4,493,922</u>	<u>\$4,593,532</u>

See Note 11 to the basic financial statements for more detail on the Village's long-term debt obligations.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Heather Rockwell, Finance Director, Village of New Lexington, 125 South Main Street, New Lexington, Ohio 43764.

Village of New Lexington
Perry County
Statement of Net Assets - Cash Basis
As of December 31, 2011

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	(\$390,880)	\$813,144	\$422,264
<i>Total Assets</i>	(390,880)	813,144	422,264
Net Assets:			
Restricted for:			
Debt Service	51,623	0	51,623
Other Purposes	61,291	0	61,291
Unrestricted (Deficit)	(503,794)	813,144	309,350
<i>Total Net Assets</i>	(\$390,880)	\$813,144	\$422,264

See accompanying notes to the basic financial statements

Village of New Lexington
Perry County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2011

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$714,855	\$78,912	\$0	\$0	(\$635,943)	\$0	(\$635,943)
Security of Persons and Property	1,209,139	561,994	10,600	0	(636,545)	0	(636,545)
Leisure Time Activities	72,029	12,545	0	0	(59,484)	0	(59,484)
Health	30,590	16,268	0	0	(14,322)	0	(14,322)
Transportation	226,305	0	187,072	0	(39,233)	0	(39,233)
Capital Outlay	58,976	0	0	0	(58,976)	0	(58,976)
Debt Service:							
Principal	102,165	0	0	0	(102,165)	0	(102,165)
Interest and Fiscal Charges	89,593	0	0	0	(89,593)	0	(89,593)
<i>Total Governmental Activities</i>	<u>2,503,652</u>	<u>669,719</u>	<u>197,672</u>	<u>0</u>	<u>(1,636,261)</u>	<u>0</u>	<u>(1,636,261)</u>
Business-Type Activities:							
Water	1,180,767	1,156,054	0	0	0	(24,713)	(24,713)
Sewer	1,061,753	713,709	0	207,844	0	(140,200)	(140,200)
<i>Total Business Type Activities</i>	<u>2,242,520</u>	<u>1,869,763</u>	<u>0</u>	<u>207,844</u>	<u>0</u>	<u>(164,913)</u>	<u>(164,913)</u>
Total	<u><u>\$4,746,172</u></u>	<u><u>\$2,539,482</u></u>	<u><u>\$197,672</u></u>	<u><u>\$207,844</u></u>	<u><u>(1,636,261)</u></u>	<u><u>(164,913)</u></u>	<u><u>(1,801,174)</u></u>
General Receipts:							
Property Taxes Levied for:							
General Purposes					59,777	0	59,777
Fire and EMS Purposes					68,031	0	68,031
Pool Bond Purposes					25,172	0	25,172
Other Purposes					12,778	0	12,778
Income Taxes					791,854	0	791,854
Grants and Entitlements not Restricted to Specific Programs					99,346	0	99,346
Proceeds from Loans					0	194,758	194,758
Proceeds from Notes					60,675	0	60,675
Interest					2,560	118	2,678
Donations					562	0	562
Miscellaneous					69,205	23,527	92,732
<i>Total General Receipts</i>					<u>1,189,960</u>	<u>218,403</u>	<u>1,408,363</u>
<i>Change in Net Assets</i>					(446,301)	53,490	(392,811)
<i>Net Assets Beginning of Year</i>					<u>55,421</u>	<u>759,654</u>	<u>815,075</u>
<i>Net Assets End of Year</i>					<u><u>(\$390,880)</u></u>	<u><u>\$813,144</u></u>	<u><u>\$422,264</u></u>

See accompanying notes to the basic financial statements

Village of New Lexington
Perry County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
As of December 31, 2011

	General	Fire and EMS	Pool Improvement Bond	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	(\$353,798)	(\$149,996)	\$51,623	\$61,291	(\$390,880)
<i>Total Assets</i>	<u>(\$353,798)</u>	<u>(\$149,996)</u>	<u>\$51,623</u>	<u>\$61,291</u>	<u>(\$390,880)</u>
Fund Balances (Deficits):					
Restricted for:					
Debt Service	\$0	\$0	\$51,623	\$0	\$51,623
Street Construction, Maintenance and Repair	0	0	0	36,359	36,359
Drug and Alcohol Education and Enforcement	0	0	0	9,012	9,012
Special Assessments	0	0	0	14,923	14,923
Cemetery Operations	0	0	0	997	997
Assigned:					
Other Purposes	39,988	0	0	0	39,988
Unassigned	(393,786)	(149,996)	0	0	(543,782)
<i>Total Fund Balances (Deficits)</i>	<u>(\$353,798)</u>	<u>(\$149,996)</u>	<u>\$51,623</u>	<u>\$61,291</u>	<u>(\$390,880)</u>

See accompanying notes to the basic financial statements

Village of New Lexington
Perry County
Statement of Cash Receipts, Disbursements and Changes in
Cash Basis Fund Balances - Governmental Funds
For the Year Ended December 31, 2011

	General	Fire and EMS	Pool Improvement Bond	Other Governmental Funds	Total Governmental Funds
Receipts:					
Municipal Income Taxes	\$791,854	\$0	\$0	\$0	\$791,854
Property and Other Local Taxes	59,777	50,362	25,172	30,447	165,758
Charges for Services	328,099	250,200	0	16,268	594,567
Fines, Licenses and Permits	73,827	0	0	1,325	75,152
Intergovernmental	84,885	17,536	3,651	190,946	297,018
Interest	2,435	60	6	59	2,560
Donations	562	0	0	0	562
Miscellaneous	50,091	6,033	0	13,081	69,205
<i>Total Receipts</i>	<u>1,391,530</u>	<u>324,191</u>	<u>28,829</u>	<u>252,126</u>	<u>1,996,676</u>
Disbursements:					
Current:					
General Government	714,855	0	0	0	714,855
Security of Persons and Property	753,626	434,534	0	20,979	1,209,139
Leisure Time Activities	71,020	0	1,009	0	72,029
Health	0	0	0	30,590	30,590
Transportation	0	0	0	226,305	226,305
Capital Outlay	35,476	23,500	0	0	58,976
Debt Service:					
Principal	74,725	7,440	20,000	0	102,165
Interest and Fiscal Charges	80,954	1,264	7,375	0	89,593
<i>Total Disbursements</i>	<u>1,730,656</u>	<u>466,738</u>	<u>28,384</u>	<u>277,874</u>	<u>2,503,652</u>
<i>Excess (Deficiency) of Receipts Over (Under) Disbursements</i>	(339,126)	(142,547)	445	(25,748)	(506,976)
Other Financing Sources:					
Notes Issued	36,925	23,750	0	0	60,675
<i>Total Other Financing Sources</i>	<u>36,925</u>	<u>23,750</u>	<u>0</u>	<u>0</u>	<u>60,675</u>
<i>Net Change in Fund Balances</i>	(302,201)	(118,797)	445	(25,748)	(446,301)
<i>Fund Balances (Deficits) Beginning of Year</i>	(51,597)	(31,199)	51,178	87,039	55,421
<i>Fund Balances (Deficits) End of Year</i>	<u>(\$353,798)</u>	<u>(\$149,996)</u>	<u>\$51,623</u>	<u>\$61,291</u>	<u>(\$390,880)</u>

See accompanying notes to the basic financial statements

Village of New Lexington
Perry County
Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts:				
Municipal Income Taxes	\$786,000	\$786,000	\$791,854	\$5,854
Property and Other Local Taxes	60,590	60,590	59,777	(813)
Charges for Services	225,106	225,106	328,099	102,993
Fines, Licenses and Permits	50,652	50,652	73,827	23,175
Intergovernmental	58,239	58,239	84,885	26,646
Interest	1,671	1,671	2,435	764
Donations	386	386	562	176
Miscellaneous	34,367	34,367	50,091	15,724
<i>Total Receipts</i>	<u>1,217,011</u>	<u>1,217,011</u>	<u>1,391,530</u>	<u>174,519</u>
Disbursements:				
Current:				
General Government	463,800	498,330	754,843	(256,513)
Security of Persons and Property	597,500	612,184	753,626	(141,442)
Leisure Time Activities	78,341	65,711	71,020	(5,309)
Capital Outlay	0	58,000	35,476	22,524
Debt Service:				
Principal	44,159	43,579	74,725	(31,146)
Interest and Fiscal Charges	47,841	47,211	80,954	(33,743)
<i>Total Disbursements</i>	<u>1,231,641</u>	<u>1,325,015</u>	<u>1,770,644</u>	<u>(445,629)</u>
<i>Deficiency of Receipts Under Disbursements</i>	(14,630)	(108,004)	(379,114)	(271,110)
Other Financing Sources:				
Notes Issued	0	0	36,925	36,925
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>36,925</u>	<u>36,925</u>
<i>Net Change in Fund Balance</i>	(14,630)	(108,004)	(342,189)	(234,185)
<i>Fund Balance (Deficit) Beginning of Year</i>	(104,104)	(104,104)	(104,104)	0
<i>Prior Year Encumbrances Appropriated</i>	52,507	52,507	52,507	0
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$66,227)</u>	<u>(\$159,601)</u>	<u>(\$393,786)</u>	<u>(\$234,185)</u>

See accompanying notes to the basic financial statements

Village of New Lexington
Perry County
Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual (Budget Basis)
Fire and EMS Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts:				
Property and Other Local Taxes	\$77,671	\$77,671	\$50,362	(\$27,309)
Charges for Services	385,884	385,884	250,200	(135,684)
Intergovernmental	27,046	27,046	17,536	(9,510)
Interest	93	93	60	(33)
Miscellaneous	9,306	9,306	6,033	(3,273)
<i>Total Receipts</i>	<u>500,000</u>	<u>500,000</u>	<u>324,191</u>	<u>(175,809)</u>
Disbursements:				
Current:				
Security of Persons and Property	444,246	444,246	437,257	6,989
Capital Outlay	0	0	23,500	(23,500)
Debt Service:				
Principal	6,838	3,194	7,440	(4,246)
Interest and Fiscal Charges	1,162	4,806	1,264	3,542
<i>Total Disbursements</i>	<u>452,246</u>	<u>452,246</u>	<u>469,461</u>	<u>(17,215)</u>
<i>Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements</i>	47,754	47,754	(145,270)	(193,024)
Other Financing Sources:				
Notes Issued	0	0	23,750	23,750
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>23,750</u>	<u>23,750</u>
<i>Net Change in Fund Balance</i>	47,754	47,754	(121,520)	(169,274)
<i>Fund Balance (Deficit) Beginning of Year</i>	(41,621)	(41,621)	(41,621)	0
<i>Prior Year Encumbrances Appropriated</i>	10,422	10,422	10,422	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$16,555</u>	<u>\$16,555</u>	<u>(\$152,719)</u>	<u>(\$169,274)</u>

See accompanying notes to the basic financial statements

Village of New Lexington
Perry County
Statement of Fund Net Assets - Cash Basis
Proprietary Funds
As of December 31, 2011

	Business-Type Activities		
	Water Fund	Sewer Fund	Total Enterprise Funds
Assets:			
Equity in Pooled Cash and Investments	\$457,583	\$355,561	\$813,144
<i>Total Assets</i>	\$457,583	\$355,561	\$813,144
Net Assets:			
Unrestricted	\$457,583	\$355,561	\$813,144
<i>Total Net Assets</i>	\$457,583	\$355,561	\$813,144

See accompanying notes to the basic financial statements

Village of New Lexington
Perry County
Statement of Cash Receipts, Disbursements and
Changes in Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2011

	Business-Type Activities		
	Water Fund	Sewer Fund	Total Enterprise Funds
Operating Receipts:			
Charges for Services	\$1,156,054	\$713,709	\$1,869,763
Other Operating Receipts	23,511	16	23,527
<i>Total Operating Receipts</i>	1,179,565	713,725	1,893,290
Operating Disbursements:			
Personal Services	349,220	349,489	698,709
Contractual Services	155,165	127,518	282,683
Materials and Supplies	337,654	130,168	467,822
<i>Total Operating Disbursements</i>	842,039	607,175	1,449,214
<i>Operating Income</i>	337,526	106,550	444,076
Non-Operating Receipts (Disbursements):			
Interest	59	59	118
Intergovernmental	0	207,844	207,844
Proceeds from Loans	57,458	137,300	194,758
Debt Service:			
Principal	(179,979)	(114,389)	(294,368)
Interest	(101,291)	(25,329)	(126,620)
Capital Outlay	(57,458)	(314,860)	(372,318)
<i>Total Non-Operating Receipts (Disbursements)</i>	(281,211)	(109,375)	(390,586)
<i>Change in Net Assets</i>	56,315	(2,825)	53,490
<i>Net Assets Beginning of Year</i>	401,268	358,386	759,654
<i>Net Assets End of Year</i>	\$457,583	\$355,561	\$813,144

See accompanying notes to the basic financial statements

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 1 – Reporting Entity

The Village of New Lexington, Perry County, (the Village) is a home rule municipal corporation established under the laws of the State of Ohio. The Village operates under its own Charter, a home-rule municipality as defined by Title 7 of the Ohio Revised Code. The Village operates under a Council-Mayor form of government. Four council members are elected from wards for four year terms. The Mayor, President of Council and three council members are elected by separate ballot from the municipality at large for four year terms. The Mayor may veto any legislation passed by Council. In addition to establishing Village policies, Council is responsible for passing ordinances, adopting the budget, and appointing boards and commissions. The Mayor is responsible for carrying out the policies and ordinances of Council, for overseeing the day-to-day operating of the Village and for appointing the heads of the various Village departments. An appointed finance director is responsible for the fiscal control of the financial resources of the Village.

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements of the Village are not misleading.

As a result of the 2010 census, effective January 1, 2011, the entity is recognized as a village instead of as a city as had been the case in 2010.

Primary Government

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The primary government of the Village provides the following services to its citizens: police, fire and EMS protection, parks and recreation, building inspection, street maintenance and repairs, and water and sewer services. Council has direct responsibility for these services.

Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of debt, or the levying of taxes. Component units also include legally separate, tax exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village has no component units.

Jointly Governed Organizations

The Village is associated with the New Lexington-Pike Township Union Cemetery, which is defined as a jointly governed organization. This organization is presented in Note 13 to the basic financial statements.

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

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements and program receipts for each program or function of the Village's governmental activities and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Village, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the Village.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 2 – Summary of Significant Accounting Policies (Continued)

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

Fund Accounting

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

Governmental Funds

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

General Fund – The General Fund accounts for all financial resources, except those required to be accounted for 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.

Fire and EMS Fund – The Fire and EMS Fund receives tax, intergovernmental, and charges for services receipts which are used to provide fire protection and emergency medical services to Village residents and the residents of other political subdivisions that have contracted with the Village.

Pool Improvement Bond Fund – The Pool Improvement Bond Fund receives tax and intergovernmental receipts which are used to service debt issued for the improvement of the Village pool.

The other governmental funds of the Village account for grants and other resources whose use is restricted for a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. The Village's proprietary funds are classified as enterprise funds.

Enterprise Funds – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the Village's major enterprise funds:

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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate. The appropriations ordinance is the Village Council's authorization to spend resources and sets annual limits on disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established by the Village Council at the fund, function, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "equity in pooled cash and investments".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 2 – Summary of Significant Accounting Policies (Continued)

During 2011, the Village invested in certificates of deposit which are reported at cost.

Interest earnings are allocated to Village funds according to State statutes and codified ordinances of the Village, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2011 was \$2,435.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that are required to be held for five years before they may be utilized by the Village are reported as restricted. The Village did not have any restricted assets during 2011.

Inventory and Prepaid Items

The Village reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. The Village did not have interfund receivables/payables during 2011.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 2 – Summary of Significant Accounting Policies (Continued)

Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Village's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. Restricted net assets reported as of December 31, 2011 were not restricted by enabling legislation.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. At December 31, 2011, the Village did not report any fund balance as nonspendable.

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

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying receipts; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. At December 31, 2011, the Village did not report any fund balance as committed.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

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

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

Interfund Transactions

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

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements. The Village did not report any transfers during 2011.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred in 2011.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, cash disbursements, and encumbrances. The statement of receipts, disbursements and changes in fund balance – budget and actual – budget basis presented for the General Fund and Fire and EMS Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are outstanding year end encumbrances which are treated as disbursements (budgetary basis) rather than as a restriction, commitment or assignment of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to:

General Fund	\$39,988
Fire and EMS Fund	2,723

Note 4 – Compliance and Accountability

Negative Cash Fund Balances

The Village had negative fund balances in the General Fund and Fire and EMS Fund at December 31, 2011, which is contrary to Ohio Revised Code Section 5705.10 (H).

Appropriations Exceeding Actual Resources

The Village had appropriations in excess of actual resources in the Fire and EMS Fund and Cemetery Fund, which is contrary to Ohio Revised Code Section 5705.36 (A)(4).

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 4 – Compliance and Accountability (Continued)

Appropriations Exceeding Estimated Resources

The Village had appropriations in excess of estimated resources in the General Fund, which is contrary to Ohio Revised Code Section 5705.39.

Expenditures Exceeding Appropriations

The Village had expenditures in excess of appropriations in the General Fund, Fire and EMS Fund, Fire Fund, Street Fund, Drug Enforcement Fund, Water Fund, and Sewer Fund, which is contrary to Ohio Revised Code Section 5705.41(B).

Failure to Properly Encumber

Contrary to Ohio Revised Code Section 5705.41(D), the Village did not properly certify the availability of funds for all required disbursements made during 2011.

Failure to Properly Establish Funds

Contrary to the requirements of 5705.09(D), the Village failed to establish a special fund for the 1984 fire levy.

Note 5 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts, including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 5 – Deposits and Investments (Continued)

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
7. The State Treasurer’s investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial Credit Risk – Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the Village’s bank balance of \$366,771 was either insured by the Federal Deposit Insurance Corporation or collateralized by pledged securities of its banking institution as described below.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end, the Village’s certificate of deposit balance of \$76,405, with a maturity of 6 months or less, was insured by the Federal Deposit Insurance Corporation.

The Village has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.”

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 5 – Deposits and Investments (Continued)

Interest Rate Risk – Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Village’s investment policy addresses interest rate risk by requiring that the Village’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Credit Risk – The certificate of deposit is not exposed to credit risk. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes.

Concentration of Credit Risk – The Village has not established an investment policy dealing with concentration of credit risk beyond the requirements established within state statutes. 100% of the Village’s investments are in a nonnegotiable certificate of deposit.

Reconciliation of Cash and Investments

The Village’s equity in pooled cash and investments of \$422,264 at December 31, 2011 is comprised of the carrying amount of the Village’s deposits and investments (certificate of deposit) of \$345,859 and \$76,405, respectively.

Note 6 – Income Taxes

The Village levies a 1% income tax on substantially all income earned in the Village. In addition, Village residents employed in municipalities having an income tax less than 1% must pay the difference to the Village. Additional increases in the income tax rate require voter approval. Employers within the Village withhold income tax on employee compensation and remit at least quarterly and file an annual declaration. Income tax receipts are to be used to pay the cost of administering the tax, General Fund operations, capital improvements, debt service and other governmental functions when needed, as determined by Council. In 2011, the receipts were allocated to the General Fund in the amount of \$791,854.

Note 7 – Property Taxes

Property taxes include amounts levied against all real, public utility and tangible personal property located in the Village. Property tax receipts received during 2011 for real and public utility property taxes represents collections of 2010 taxes. Property tax payments received during 2011 for tangible personal property (other than public utility property) are for 2011 taxes.

2011 real property taxes are levied after October 1, 2011, on assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of the appraised value. 2010 real property taxes are collected in and intended to finance 2011.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2011 with real property taxes.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 7 – Property Taxes (Continued)

The full tax rate for all Village operations for the year ended December 31, 2011 was \$6.24 per \$1,000 of assessed value. The assessed value upon which 2011 tax collections were based was \$130,348,143. This amount consisted of \$123,036,572 and \$7,311,571 of real property assessed value and public utility property assessed value, respectively.

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

Note 8 – Risk Management

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2010, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2011 and 2010.

	2011	2010
Assets	\$33,362,404	\$34,952,010
Liabilities	(14,187,273)	(14,320,812)
Net Assets	<u>\$19,175,131</u>	<u>\$20,631,198</u>

At December 31, 2011 and 2010, respectively, the liabilities above include approximately \$13 million and \$12.9 million of estimated incurred claims payable. The assets above also include approximately \$12.1 million and \$12.4 million of unpaid claims to be billed to approximately 455 member governments in the future, as of December 31, 2011 and 2010, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the Village’s share of these unpaid claims collectible in future years is approximately \$53,000.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 8 – Risk Management (Continued)

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2011</u>	<u>2010</u>
\$57,954	\$51,004

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 9 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

- A. The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:
 - 1) The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan.
 - 2) The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
 - 3) The Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.
- B. OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.
- C. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.
- D. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 9 – Defined Benefit Pension Plans (Continued)

- E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and employer contribution rates were consistent across all three plans.
- The member contribution rates were 10.0%, 10.0%, and 10.0% for 2011, 2010, and 2009, respectively, for the Village.
- The employer contribution rates were 14.0%, 14.0%, and 14.0% of covered payroll for 2011, 2010, and 2009, respectively, for the Village.
- F. The Village’s contributions to OPERS for the years ended December 31, 2011, 2010, and 2009 were \$103,606, \$99,590, and \$121,748, respectively, which were equal to the required contributions for those years. The full amount has been contributed for 2011, 2010, and 2009.

Ohio Police and Fire Pension Fund

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary, while employers are required to contribute 19.5% for police officers. The Village’s contributions to OP&F for the years ending December 31, 2011, 2010, and 2009 were \$39,964, \$31,719, and \$32,684, respectively, which were equal to the required contributions for those years. The full amount has been contributed for 2011, 2010, and 2009.

Note 10 – Postemployment Benefits

Ohio Public Employees Retirement System

A. Plan Description

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 10 – Postemployment Benefits (Continued)

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interest parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

B. Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contributions are expressed as a percentage of the covered payroll of active members. In 2011, the Village contributed at 14.0% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2011, the portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

C. The employer contributions that were used to fund post-employment benefits were \$41,442 for 2011, \$56,776 for 2010, and \$51,090 for 2009. The full amount has been contributed for 2011, 2010, and 2009.

D. The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 10 – Postemployment Benefits (Continued)

Ohio Police and Fire Pension Fund

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy –The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% of covered payroll for police employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2011, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions to OP&F allocated to the health care plan for the years ending December 31, 2011, 2010, and 2009 were \$21,157, \$16,792, and \$17,303, respectively. The full amount has been contributed for 2011, 2010, and 2009.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 11 – Debt

The Village’s long-term debt activity for the year ended December 31, 2011, was as follows:

	Interest Rate	Balance January 1, 2011	Additions	Reductions	Balance December 31, 2011	Due Within One Year
<i>Governmental Activities</i>						
Swimming Pool G.O.						
Bonds	5.9%	\$125,000	\$0	(\$20,000)	\$105,000	\$20,000
Police Cruisers Note	4.0%	33,564	0	(33,564)	0	0
Municipal Building Note	4.5%	1,186,482	0	(21,826)	1,164,656	23,529
Fire Truck Note	4.5%	25,261	0	(7,440)	17,821	5,683
Building Note	4.5%	600,000	0	(19,335)	580,665	19,897
Police SUV Note	3.45%	0	36,925	0	36,925	6,889
Fire Dept Truck	3.45%	0	23,750	0	23,750	4,431
Total Governmental Activities		<u>\$1,970,307</u>	<u>\$60,675</u>	<u>(\$102,165)</u>	<u>\$1,928,817</u>	<u>\$80,429</u>
<i>Business-Type Activities</i>						
Water Detention Structure Revenue Bonds	3.225%	\$23,819	\$0	(\$13,041)	\$10,778	\$10,778
Sanitary Sewer System Revenue Bonds	4.5%	895,000	0	(17,000)	878,000	17,000
Ohio Water Development Authority Loans	1.5%-7.89%	3,223,904	194,758	(248,992)	3,169,670	218,276
Ohio Public Works Commission Loans	0.0%-2.0%	450,809	0	(15,335)	435,474	18,994
Total Business-Type Activities		<u>\$4,593,532</u>	<u>\$194,758</u>	<u>(\$294,368)</u>	<u>\$4,493,922</u>	<u>\$265,048</u>

Revenue bonds are obligations of the Village for which its full faith, credit and resources are pledged and are payable from user charges assessed for water and sewer services. Outstanding mortgage revenue bonds consist of water and sewer improvement issues.

General obligation bonds are direct obligations of the Village for which its full faith, credit and resources are pledged and payable from taxes levied on all property in the Village. Outstanding general obligation bonds consist of a swimming pool construction issue.

General obligation notes are direct obligations of the Village for which its full faith, credit and resources are pledged and payable from taxes levied on all property in the Village. During 2011, the Village issued \$36,925 and \$23,750 in general obligation notes at 4.5% payable over 5 years.

The Ohio Water Development Authority (OWDA) Loans are payable from user charges assessed for water and sewer services. These loans were used to make water and sewer system improvements. During 2011, OWDA disbursed \$194,758 for Water Treatment Plant Improvements and sludge dewatering projects. Amortization schedules have not been prepared for all projects due to OWDA not finalizing financing terms and repayment arrangements. Once these items are finalized, full amortization schedules will be presented accordingly.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 11 – Debt (Continued)

The Ohio Public Works Commission (OPWC) Loans are for the construction of a sewer pumping station and equalization basin project and wastewater treatment plant.

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5% of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed an amount equal to 10.5% of its tax valuation.

The following is a summary of the Village’s future annual debt service requirements at December 31, 2011 for governmental activities:

Year	Swimming Pool Bond		Municipal Building Note	
	Principal	Interest	Principal	Interest
2012	\$20,000	\$6,195	\$23,529	\$51,443
2013	20,000	5,015	24,744	50,228
2014	20,000	3,835	25,870	49,102
2015	20,000	2,655	27,047	47,925
2016	25,000	1,475	28,147	46,826
2017-2021	0	0	161,751	213,111
2022-2026	0	0	202,075	172,787
2027-2028	0	0	671,493	42,543
Total	\$105,000	\$19,175	\$1,164,656	\$673,965

Year	Fire Truck Note		Building Note	
	Principal	Interest	Principal	Interest
2012	\$5,683	\$742	\$19,897	\$25,925
2013	5,944	481	20,875	24,947
2014	6,194	210	21,825	23,997
2015	0	0	22,818	23,004
2016	0	0	23,794	22,028
2017-2021	0	0	136,522	92,587
2022-2026	0	0	170,558	58,551
2027-2030	0	0	164,376	15,560
Total	\$17,821	\$1,433	\$580,665	\$286,599

Year	Police SUV Note		Fire Dept Truck	
	Principal	Interest	Principal	Interest
2012	\$6,889	\$1,215	\$4,431	\$781
2013	7,129	975	4,585	627
2014	7,377	727	4,745	468
2015	7,633	471	4,910	303
2016	7,897	205	5,079	132
Total	\$36,925	\$3,593	\$23,750	\$2,311

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 11 – Debt (Continued)

The following is a summary of the Village’s future annual debt service requirements at December 31, 2011 for business-type activities:

Year	Water Detention Bonds		Sanitary Sewer Bonds	
	Principal	Interest	Principal	Interest
2012	\$10,778	\$348	\$17,000	\$39,510
2013	0	0	18,000	38,745
2014	0	0	19,000	37,935
2015	0	0	20,000	37,080
2016	0	0	21,000	36,180
2017-2021	0	0	118,000	166,050
2022-2026	0	0	147,000	136,980
2027-2031	0	0	185,000	100,710
2032-2036	0	0	226,000	55,485
2037-2038	0	0	107,000	7,290
Total	\$10,778	\$348	\$878,000	\$655,965

Year	OWDA Loans*		OPWC Loans	
	Principal	Interest	Principal	Interest
2012	\$218,276	\$50,639	\$18,994	\$3,731
2013	206,336	40,032	22,658	3,467
2014	187,862	29,459	22,928	3,197
2015	58,657	18,632	23,203	2,922
2016	59,679	17,610	23,483	2,642
2017-2021	314,374	72,074	121,823	8,802
2022-2026	342,795	43,653	90,438	1,837
2027-2031	197,064	17,282	40,547	25
2032-2036	105,285	4,247	34,000	0
2037-2041	0	0	34,000	0
2042	0	0	3,400	0
Total	\$1,690,328	\$293,628	\$435,474	\$26,623

*The amortization schedule above for OWDA loans does not agree to the table on page 33 because the amortization schedules for loans 4700 and 5837, with principal balances totaling \$1,479,342 at December 31, 2011, are not yet finalized and therefore amortizations are not yet available.

Note 12 – Contingent Liabilities

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

In 2010, the Village entered into a joint use agreement with Hocking Technical College in which the Village agreed to receive \$750,000 in capital funds to be used to finance a portion of the Village’s fire department building project. In exchange for the capital funds, the Village agreed to allow Hocking Technical College to use the Village’s fire department facilities as a training laboratory for Hocking Technical College’s Fire Science and EMT program for a period of 20 years. If the Village terminates this agreement prior to the agreed upon 20 year time period, the Village must pay back a percentage of the \$750,000 in capital funds.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 13 – Jointly Governed Organization

The New Lexington-Pike Township Union Cemetery (the Cemetery) Board of Trustees are appointed by the Village and Pike Township. Taxes levied by the Village for cemetery maintenance are collected by the Perry County Auditor, distributed to the Village, and then forwarded to the Cemetery. The Cemetery is a legally-separate entity that prepares and files its own financial statements. Financial statements can be obtained from the Clerk/Treasurer of the Cemetery at 440 Swigart Street, New Lexington, Ohio 43764.

Note 14 – Subsequent Events

On March 7, 2012, the Village entered into a loan agreement with The Citizens Savings Bank for a loan in the amount of \$200,430 to be repaid over a 5 year term with an interest rate of 3.623%. This loan was issued for the purpose of purchasing a new squad.

Note 15 – Financial Condition

As of December 31, 2011, the Village had a cash-basis governmental activities net asset deficiency of \$390,880 and deficit cash-basis fund balances of \$353,798 and \$149,996 in its General Fund and Fire and EMS Fund, respectively. Further, for the year ended December 31, 2011 the Village had cash-basis losses from governmental operations of \$446,301. The Village's management is implementing a combination of cost-cutting and receipt-enhancing changes and other changes (as is determined necessary by Village Council) to address these deficits and negative governmental cash-basis results of operations.

Note 16 – Adoption of New Accounting Pronouncement

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", which the Village has implemented for the year ended December 31, 2011. This pronouncement does not affect the calculation of the Village's fund balances but does shift the focus of fund balance reporting from the availability of fund resources for budgeting to the extent to which the Village is bound to honor constraints on the specific purposes for which amounts in funds can be spent (See Note 2). Fund balances have been classified in the financial statements, as applicable, for the year ended December 31, 2011 in accordance with this pronouncement.

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**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed in Accordance With *Government Auditing
Standards***

Village of New Lexington
215 South Main Street
New Lexington, Ohio 43764

To Village Council:

We have audited the financial statements of the Village of New Lexington, Perry County, as of and for the year ended December 31, 2011, and have issued our report thereon dated November 5, 2012, in which it is noted that the Village prepared its financial statements on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. We also noted that the Village is experiencing financial difficulties. Further, we noted that the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Village is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and another deficiency that we consider to be 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2011-001 and 2011-002 to be material weaknesses.

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 and responses as item 2011-003 to be a significant deficiency.

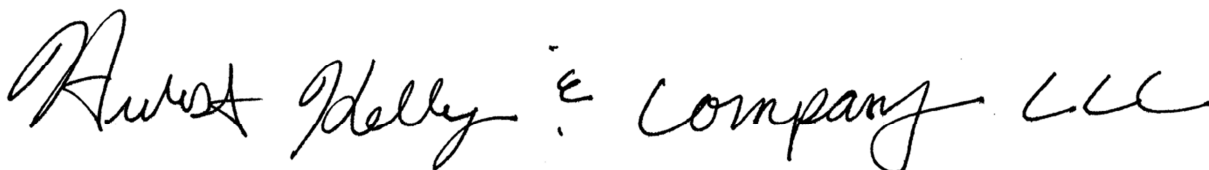
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of 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 determination of financial statement amounts. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2011-004 through 2011-009.

We noted certain matters that we have reported to management of the Village in a separate letter dated November 5, 2012.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Village's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Village Council, others within the entity, and the Ohio Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Robert Kelly & Company LLC". The signature is written in a cursive, flowing style.

Mason, Ohio
November 5, 2012

**VILLAGE OF NEW LEXINGTON
PERRY COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2011**

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

FINDING NUMBER 2011-001 – MATERIAL WEAKNESS – MATERIAL AUDIT ADJUSTMENTS

Criteria:

The Village’s financial statements and supporting accounting records, as prepared and maintained by management, should present all activities for which the Village is financially accountable.

Condition:

The following schedule details material audit adjustments that were posted to the Village’s financial statements as a result of audit procedures performed in connection with the Village’s December 31, 2011 audit:

Financial Statement Caption Debit/(Credit)

Fund	Type	Equity in Pooled Cash and Investments	Property and Other Local Taxes	Charges For Services	Intergovernmental	Security of Persons and Property	Capital Outlay	Principal	Interest and Fiscal Charges	Transfers In	Transfers Out
General	General	\$ (71,635)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,012	\$ 63,623	\$ -	\$ (25,000)
Fire and EMS	Special Revenue	48,317	169,420	(170,820)	20,991	(21,621)	-	(14,517)	(31,770)	-	-
Pool Bond	Debt Service	(25,000)	-	-	-	-	-	-	-	25,000	-
Fire Fund	Special Revenue	-	(17,669)	-	(1,922)	19,591	-	-	-	-	-
Water	Enterprise	42,272	-	-	-	-	-	(8,233)	(34,039)	-	-
Sewer	Enterprise	6,046	-	-	-	-	(3,947)	(8,232)	6,133	-	-
		\$ -	\$ 151,751	\$ (170,820)	\$ 19,069	\$ (2,030)	\$ (3,947)	\$ 2,030	\$ 3,947	\$ 25,000	\$ (25,000)

Cause:

Material misstatements to the Village’s 2011 financial statements were not prevented or detected and corrected by the Village’s system of internal control.

Effect:

The Village’s December 31, 2011 financial statements, as prepared by management, contained material misstatements.

Recommendation:

The Village should record all transactions and activities for which the Village is financially accountable.

View of Responsible Officials and Planned Corrective Actions:

Management concurs with the finding and recommendation.

**VILLAGE OF NEW LEXINGTON
PERRY COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
DECEMBER 31, 2011**

FINDING NUMBER 2011-002 – MATERIAL WEAKNESS – INADEQUATELY IMPLEMENTED SYSTEM OF ACCOUNTING

Criteria:

An adequately implemented system of accounting includes accounting software for which users are adequately trained and for which accounting data can be timely, accurately and efficiently processed and summarized for use by management.

Condition:

The Village's system of accounting, as currently implemented, does not provide management with timely and accurate financial data from which well-informed decisions can be based. Additionally, the Village is performing manual reconciliations of receipts and disbursements to a spreadsheet to determine month-end and year-end fund cash balances.

Cause:

The system of accounting is not adequately implemented.

Effect:

Timely and accurate financial information (including cash balances by fund, aggregate outstanding encumbrances by fund and remaining appropriations available for expenditure by fund) is not available to management. Thus management does not have adequate financial information available from which well-informed decision can be based.

Additionally, extra staff effort is being consumed in performing manual reconciliations of accounting system reports to spreadsheets, which still do not allow for real-time financial information (including cash balances by fund, aggregate outstanding encumbrances by fund and remaining appropriations available for expenditure by fund) to be generated and allows for deficit spending and fund cash deficits to occur (Finding 2011-005 reported deficit cash fund balances at December 31, 2011 in the General Fund and Fire and EMS Fund). Furthermore, a manual reconciliation process increases the potential for errors, omissions and fraud to occur and not be prevented or identified and corrected in a reasonable period of time.

Recommendation:

Management should reevaluate the implementation of the current system of accounting. Additionally, and as part of the reevaluation, employees should receive additional training on the system of accounting and additional resources should be procured from the software vendor (such as training manuals, additional tailoring of the accounting system's interfaces, reports, etc. to better meet the needs of the Village). Furthermore, as part of the reevaluation process, management should consider if the current system of accounting is best suited to meet the current and future needs of the Village.

View of Responsible Officials and Planned Corrective Actions:

Management concurs with the finding and recommendation.

**VILLAGE OF NEW LEXINGTON
PERRY COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
DECEMBER 31, 2011**

FINDING NUMBER 2011-003 – SIGNIFICANT DEFICIENCY – REVIEW OF TIMESHEETS

Criteria:

An effective element of internal control over payroll disbursements is a supervisory review of employee timesheets.

Condition:

During our testing of payroll cash disbursements, we noted that two of twenty-five employee timesheets tested did not contain a supervisory review.

One of the two timesheets not containing a supervisory review was that of a department head employee. The other timesheet not containing a supervisory review was that of non-department head employee.

Cause:

No formal policy is in place requiring department heads to have their timesheet reviewed by another employee. Additionally, no formal policy is in place to address the input of employee hours from a timesheet that has not been formally approved, as evidenced by a supervisory review.

Effect:

An error or omission (intentional or unintentional) could occur in a timesheet and not be prevented, or detected and corrected, in a reasonable period of time.

Recommendation:

A policy should be adopted and implemented requiring department heads to have their timesheets reviewed by other department heads or members of Council. Further, a policy should be adopted and implemented permitting only supervisory-approved timesheets to be loaded into the payroll system and scheduled for payment.

View of Responsible Officials and Planned Corrective Actions:

Management concurs with the finding and recommendation.

**VILLAGE OF NEW LEXINGTON
PERRY COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
DECEMBER 31, 2011**

FINDING NUMBER 2011-004 – NONCOMPLIANCE – FAILURE TO ESTABLISH A SPECIAL FUND FOR EACH SPECIAL LEVY

Criteria:

Ohio Revised Code Section 5705.09(D) states that, "Each subdivision shall establish...a special fund for each special levy."

Condition:

The Village has two continuous levies related to public safety:

- 1.0 mill fire levy (approved by a vote on May 8, 1984)
- 2.0 mill fire and EMS levy (approved by a vote on November 3, 1987)

Contrary to Ohio Revised Code Section 5705.09(D), the Village has been recording the levy collections of these two separate levies into one fund, the Fire and EMS Fund.

Cause:

The Village was not aware of the requirements of Ohio Revised Code Section 5705.09(D).

Effect:

The Village was not in compliance with the requirements of Ohio Revised Code Section 5705.09(D).

Recommendation:

The Village should establish a fire fund in the books and records of the Village and record the fire levy receipts (and the related fire disbursements) into this fund as required by Ohio Revised Code Section 5705.09(D).

View of Responsible Officials and Planned Corrective Actions:

Management concurs with the finding and recommendation.

**VILLAGE OF NEW LEXINGTON
PERRY COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
DECEMBER 31, 2011**

FINDING NUMBER 2011-005 – NONCOMPLIANCE – DEFICIT CASH FUND BALANCES

Criteria:

Ohio Revised Code Section 5705.10(H) states that, "Money paid into any fund shall be used only for the purposes for which such fund is established."

Condition:

At December 31, 2011, the General Fund and Fire and EMS Special Revenue Fund had deficit cash fund balances of \$353,798 and \$149,996, respectively.

Cause:

The deficit cash fund balance of the General Fund is directly related to Finding 2011-002 (system of accounting as currently implemented does not report real-time fund information), Finding 2011-007 (appropriations in excess of amounts certified as available for expenditure), Finding 2011-008 (expenditures exceeding appropriations) and Finding 2011-009 (failure to properly encumber).

The deficit cash fund balance of the Fire and EMS Fund is directly related to Finding 2011-002 (system of accounting as currently implemented does not report real-time fund information), Finding 2011-006 (appropriations exceeding actual resources), Finding 2011-008 (expenditures exceeding appropriations) and Finding 2011-009 (failure to properly encumber).

In summary, an inadequately implemented system of accounting coupled with various instances of budgetary noncompliance allowed for the deficit cash fund balances to occur.

Effect:

The Village is not in compliance with Ohio Revised Code Section 5705.10(H) as deficit cash fund balances indicate that money from one fund (a fund with positive cash fund balance), was used to cover the expenses of other funds (the General Fund and Fire and EMS Fund).

Recommendation:

The Village's management should ensure that money from one fund is not used to cover the expenses of another fund and should implement the recommendations associated with Findings 2011-002, 2011-006, 2011-007, 2011-008 and 2011-009.

View of Responsible Officials and Planned Corrective Actions:

Management concurs with the finding and recommendation

VILLAGE OF NEW LEXINGTON
PERRY COUNTY

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
DECEMBER 31, 2011

FINDING NUMBER 2011-006 – NONCOMPLIANCE – FAILURE TO PROPERLY OBTAIN AMENDED CERTIFICATES

Criteria:

Ohio Revised Code Section 5705.36(A)(4) requires that upon determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the budget commission, and the commission shall certify an amended certificate reflecting the deficiency.

Condition:

Estimated receipts exceeded actual receipts and the deficiency reduced available resources below the level of current appropriations and the fiscal officer did not certify the deficiency or amend the certificate in the following funds as detailed below:

	Estimated Receipts	Actual Receipts	Variance
Fire and EMS Fund	\$ 500,000	\$ 347,941	\$ (152,059)
Cemetery Fund	37,000	30,998	(6,002)

Cause:

The Village did not obtain an amended certificate as required by Ohio Revised Code Section 5705.36(A)(4).

Effect:

Failure to properly obtain amended certificates when the amount of a deficiency will reduce available resources below the current level of appropriations can result in overspending and deficit fund balances (and did so in the Fire and EMS Fund, as reported in Finding 2011-005) and is noncompliant with Section 5705.36(A)(4) of the Ohio Revised Code.

Recommendation:

The Village should monitor estimated receipts and actual receipts and obtain amended certificates when required by Ohio Revised Code Section 5705.36(A)(4).

View of Responsible Officials and Planned Corrective Actions:

Management concurs with the finding and recommendation

VILLAGE OF NEW LEXINGTON
PERRY COUNTY

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
DECEMBER 31, 2011

FINDING NUMBER 2011-007 – NONCOMPLIANCE – APPROPRIATIONS IN EXCESS OF AMOUNTS CERTIFIED AS AVAILABLE FOR EXPENDITURE

Criteria:

Ohio Revised Code Section 5705.39 provides that appropriations for each fund shall not exceed the estimated revenue available for expenditure as certified by the budget commission.

Condition:

The General Fund had appropriations in excess of the estimated resources available for expenditure as certified by the budget commission for 2011 as detailed below:

Estimated Resources	Appropriations	Variance
\$ 1,165,414	\$ 1,377,522	\$ (212,108)

Cause:

The Village appropriated amounts in excess of the estimated resources available for expenditure as certified by the budget commission.

Effect:

Allowing appropriations to exceed amounts certified as available for expenditure can result in overspending and deficit fund balances (and did so in the General Fund, as reported in Finding 2011-005) and is noncompliant with Section 5705.39 of the Ohio Revised Code.

Recommendation:

The Village should routinely compare appropriations to the estimated resources available for expenditure as certified by the budget commission for each fund to ensure compliance with the requirements of Ohio Revised Code Section 5705.39.

View of Responsible Officials and Planned Corrective Actions:

Management concurs with the finding and recommendation.

**VILLAGE OF NEW LEXINGTON
PERRY COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
DECEMBER 31, 2011**

FINDING NUMBER 2011-008 – NONCOMPLIANCE – EXPENDITURES IN EXCESS OF APPROPRIATIONS

Criteria:

Ohio Revised Code Section 5705.41(B) provides that no subdivision or taxing unit is to expend money unless it has been appropriated.

Condition:

The Village had expenditures in excess of appropriations in the following funds:

Fund Name	Budgetary		Variance
	Disbursements	Appropriations	
General Fund	\$ 1,770,644	\$ 1,377,522	\$ (393,122)
Fire and EMS Fund	469,461	462,668	(6,793)
Fire Fund	19,591	-	(19,591)
Street Fund	222,831	197,139	(25,692)
Drug Enforcement Fund	1,388	500	(888)
Water Fund	1,194,332	1,089,945	(104,387)
Sewer Fund	1,077,335	684,902	(392,433)

Cause:

The Village expended funds in excess of appropriations. Additionally, and as reported in Finding 2011-002, real-time fund financial information (such as comparisons of budget to actual amounts) was not available to management to allow for the monitoring of the level of current expenditures to current appropriations.

Effect:

Expenditures in excess of appropriations can result in overspending and deficit fund balances (and did so in the General Fund and Fire and EMS Fund, as reported in Finding 2011-005) and is noncompliant with Section 5705.41(B) of the Ohio Revised Code.

Recommendation:

The Village should routinely compare actual expenditures to current appropriations and request supplemental appropriations from Council when needed and implement the recommendations associated with Finding 2011-002.

View of Responsible Officials and Planned Corrective Actions:

Management concurs with the finding and recommendation

**VILLAGE OF NEW LEXINGTON
PERRY COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
DECEMBER 31, 2011**

FINDING NUMBER 2011-009 – NONCOMPLIANCE – FAILURE TO PROPERLY ENCUMBER

Criteria:

Ohio Revised Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3) of the Ohio Revised Code.

Condition:

During our testing of non-payroll cash disbursements, we noted that for eighteen of forty disbursements tested, the Village did not properly certify the availability of funds for the disbursement.

Cause:

For 1 of the eighteen items noted above, the Village did not use a purchase order as required by Section 5705.41(D)(1) of the Ohio Revised Code.

For seventeen of the eighteen items noted above, although the Village did use a purchase order, the Village did not obtain a purchase order prior to incurring a commitment as required by Section 5705.41(D)(1) of the Ohio Revised Code.

Effect:

Failure to properly certify the availability of funds can result in overspending and deficit fund balances (and did so with respect to the General Fund and Fire and EMS Fund as reported in Finding 2011-005) and is noncompliant with Section 5705.41(D)(1) of the Ohio Revised Code.

Recommendation:

Unless the Village uses an exception to the standard requirement, purchase orders certified by the fiscal officer should be issued prior to entering into a contract or order involving the expenditure of money.

View of Responsible Officials and Planned Corrective Actions:

We are in agreement with finding and recommendations.

**VILLAGE OF NEW LEXINGTON
PERRY COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2010-001	Material Weakness – Material Audit Adjustments	No	Reissued as Finding 2011-001
2010-002	Material Weakness – Inadequately Implemented System of Accounting	No	Reissued as Finding 2011-002
2010-003	Significant Deficiency – Review of Timesheets	No	Reissued as Finding 2011-003
2010-004	Noncompliance – Financial Statements Not Prepared In Accordance with GAAP	N/A	Finding No Longer Valid
2010-005	Noncompliance – Deficit Cash Fund Balances	No	Reissued as Finding 2011-005
2010-006	Noncompliance – Failure to Properly Obtain Amended Certificates	No	Reissued as Finding 2011-006
2010-007	Noncompliance – Appropriations in Excess of Amounts Certified as Available for Expenditure	No	Reissued as Finding 2011-007
2010-008	Noncompliance – Expenditures in Excess of Appropriations	No	Reissued as Finding 2011-008
2010-009	Noncompliance – Failure to Properly Encumber	No	Reissued as Finding 2011-009



Dave Yost • Auditor of State

VILLAGE OF NEW LEXINGTON

PERRY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 8, 2013