



**VILLAGE OF NEW KNOXVILLE
AUGLAIZE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2024 - 2023

VILLAGE OF NEW KNOXVILLE
AUGLAIZE COUNTY

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**VILLAGE OF NEW KNOXVILLE
AUGLAIZE COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2024

VILLAGE OF NEW KNOXVILLE
AUGLAIZE COUNTY
DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

Village of New Knoxville
Auglaize County
PO Box 246
New Knoxville, Ohio 45871

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of New Knoxville, Auglaize County, Ohio (the Village) which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2024, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2024, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2024, or the changes in financial position thereof for the year then ended.

Basis for Opinions

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

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

As described in Note 15 of the financial statements, the Village elected to change its financial statement presentation for the year ended December 31, 2024. As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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


- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2025, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

December 18, 2025

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VILLAGE OF NEW KNOXVILLE, AUGLAIZE COUNTY

Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2024

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts					
Property and Other Taxes	\$88,028	\$34,815			\$122,843
Municipal Income Tax	637,277				637,277
Intergovernmental	67,869	149,481			217,350
Charges for Services	127,889	8,340			136,229
Licenses, Permits and Fees	2,760				2,760
Fines, Forfeitures and Settlements	434				434
Earnings on Investments	186,304	9,038	\$11,466		206,808
Miscellaneous	10,131	44			10,175
<i>Total Cash Receipts</i>	<u>1,120,692</u>	<u>201,718</u>	<u>11,466</u>		<u>1,333,876</u>
Cash Disbursements					
Current:					
Security of Persons & Property	189,079	34,556			223,635
Public Health Services	54				54
Leisure Time Activities	69,956				69,956
Basic Utility Services	42,115				42,115
Transportation		28,744			28,744
General Government	277,310				277,310
Capital Outlay	79,441	91,396	232,453		403,290
Debt Service:					
Principal Retirement			97,965		97,965
Interest and Fiscal Charges			5,854		5,854
<i>Total Cash Disbursements</i>	<u>657,955</u>	<u>154,696</u>	<u>336,272</u>		<u>1,148,923</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>462,737</u>	<u>47,022</u>	<u>(324,806)</u>		<u>184,953</u>
Other Financing Receipts (Disbursements)					
Loans Issued			592,453		592,453
Sale of Capital Assets	26,679				26,679
Transfers In			94,311	\$15,000	109,311
Transfers Out	(109,311)				(109,311)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(82,632)</u>		<u>686,764</u>	<u>15,000</u>	<u>619,132</u>
<i>Net Change in Fund Cash Balances</i>	<u>380,105</u>	<u>47,022</u>	<u>361,958</u>	<u>15,000</u>	<u>804,085</u>
<i>Fund Cash Balances, January 1</i>	<u>2,338,889</u>	<u>350,300</u>	<u>38,355</u>	<u>177,561</u>	<u>2,905,105</u>
<i>Fund Cash Balances, December 31</i>	<u>\$2,718,994</u>	<u>\$397,322</u>	<u>\$400,313</u>	<u>\$192,561</u>	<u>\$3,709,190</u>

See accompanying notes to the financial statements.

VILLAGE OF NEW KNOXVILLE, AUGLAIZE COUNTY

**Combined Statement of Receipts, Disbursements and
Changes in Fund Balances (Cash Basis)
All Proprietary Fund Types**

For the Year Ended December 31, 2024

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$2,107,848
<i>Total Operating Cash Receipts</i>	<u>2,107,848</u>
 Operating Cash Disbursements	
Personal Services	300,524
Fringe Benefits	113,352
Contractual Services	1,247,965
Supplies and Materials	80,530
Other	6,401
<i>Total Operating Cash Disbursements</i>	<u>1,748,772</u>
 <i>Operating Income (Loss)</i>	<u>359,076</u>
 Non-Operating Receipts (Disbursements)	
Property and Other Local Taxes	2,033
Earnings on Investments (proprietary funds only)	1,331
Other Debt Proceeds	69,900
Sale of Fixed Assets	13,300
Miscellaneous Receipts	10,603
Capital Outlay	(214,353)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(117,186)</u>
 <i>Net Change in Fund Cash Balance</i>	241,890
 <i>Fund Cash Balances, January 1</i>	<u>2,405,130</u>
 <i>Fund Cash Balances, December 31</i>	<u><u>\$2,647,020</u></u>

See accompanying notes to the financial statements.

VILLAGE OF NEW KNOXVILLE, AUGLAIZE COUNTY
**Combined Statement of Additions, Deductions, and
Changes in Fund Balances (Cash Basis)**
All Fiduciary Fund Types

For the Year Ended December 31, 2024

	<u>Other Custodial</u>
Additions	
Other Amounts Collected for Distribution	\$551
<i>Total Additions</i>	<u>551</u>
 Deductions	
Other Distributions	551
<i>Total Deductions</i>	<u>\$551</u>
 <i>Net Change in Fund Balances</i>	
 <i>Fund Cash Balances, January 1</i>	<u> </u>
 <i>Fund Cash Balances, December 31</i>	<u><u> </u></u>

See accompanying notes to the financial statements.

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Village of New Knoxville, Ohio
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 1 – Reporting Entity

The Village of New Knoxville (the Village), Auglaize County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected six-member Council directs the Village. The Village provides electric, water and sewer utilities, park operations, and police services. The Village appropriates general fund money to support the New Knoxville Washington Township volunteer fire department.

Jointly Governed Organizations and Public Entity Risk Pools

The Village participates in one jointly governed organization and one public entity risk pool. Notes 11 and 12 to the financial statements provide additional information for these entities.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

Fire Levy Fund The fire levy fund accounts for and reports receipts received from a tax levy for the purpose of fire protection services for the Village of New Knoxville.

Village of New Knoxville, Ohio
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2024

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

Buckeye Drive Extension Fund The Buckeye Drive extension fund pays the loan associated with the Buckeye Drive extension street project that took place in 2019. This loan is paid on a semi annual basis to First National Bank in New Bremen and will mature in 2039.

Fire Truck 2024 Fund The fire truck 2024 fund pays the loan associated with the Sutphen fire engine purchased for the New Knoxville Washington Township Fire Department. This loan was funded by the USDA through Midwest Electric's community loan program and is paid on an annual basis to Midwest Electric and will mature in 2034.

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

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

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

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

Electric Fund The electric fund accounts for the provision of electric distribution to the residents and commercial users within the Village.

Fiduciary Funds The Village uses fiduciary funds to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs. The Village has one fiduciary fund:

Mayor's Court Fund The mayor's court fund accounts for revenues from mayor's court citations. Resources are held in this fiduciary fund until they can be split between their respective parties. At December 31, 2024 the balance was \$0.

Basis of Accounting

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

Village of New Knoxville, Ohio
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2024

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

The Village had a change in the financial reporting framework from the prior fiscal year. The Village filed OCBOA Financial Statements for 2023, and filed AOS Regulatory Financial Statements and Notes to the Financial Statements in 2024. See Note 15 for the Restatement.

Budgetary Process

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

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

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

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

A summary of 2024 budgetary activity appears in Note 3.

Deposits and Investments

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

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

Capital Assets

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

Accumulated Leave

Village employees earn sick and vacation time that can be used for time off. In certain circumstances, such as retirement, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Village of New Knoxville, Ohio
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Fund Balance

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

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

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

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

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

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

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

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2024 follows:

Village of New Knoxville, Ohio
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2024

2024 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$712,837	\$1,147,371	\$434,534
Special Revenue	183,425	201,718	18,293
Debt Service	427,819	698,230	270,411
Capital Projects	15,000	15,000	0
Enterprise	1,842,000	2,205,015	363,015
Fiduciary	2,500	551	(1,949)
Total	<u>\$3,183,581</u>	<u>\$4,267,885</u>	<u>\$1,084,304</u>

2024 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,115,191	\$883,824	\$231,367
Special Revenue	324,646	233,866	90,780
Debt Service	427,819	336,272	91,547
Capital Projects	99,085		99,085
Enterprise	2,608,356	2,048,398	559,958
Fiduciary	2,500	551	1,949
Total	<u>\$4,577,597</u>	<u>\$3,502,911</u>	<u>\$1,074,686</u>

Note 4 – Deposits and Investments

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

	2024
<i>Cash Management Pool:</i>	
Demand deposits	\$4,177,429
Certificates of deposit	614,318
Other time deposits (savings and NOW accounts)	0
Total deposits	<u>4,791,747</u>
U.S. Treasury Notes	0
STAR Ohio	1,564,463
Total investments	<u>1,564,463</u>
Total carrying amount of deposits and investments held in the Pool (ties to FS)	<u>6,356,210</u>
Total Deposits and Investments	<u>\$6,356,210</u>

Village of New Knoxville, Ohio
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2024

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2024, the Village is holding \$9,541 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Investments

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

Note 5 – Taxes

Property Taxes

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

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

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

Income Taxes

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Note 6– Risk Management

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

Village of New Knoxville, Ohio
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2024.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2024.

Social Security

Several Village council members and volunteer firefighters contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2024.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2024, the portion

Village of New Knoxville, Ohio
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2024

of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2024, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2024, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loans	\$926,218	0%
Fire Truck loan through USDA	\$324,000	0%
Buckeye Drive Extension Loan	<u>\$211,285</u>	2.55%
Total	<u><u>\$1,461,503</u></u>	

The seven Ohio Public Works Commission loans that were secured for street reconstruction and storm sewer replacement projects. These are zero percent interest loans that are paid back semiannually. The term of each loan is set by the OPWC and is determined based on the useful life of each project. The South Street Reconstruction loan will mature in 2026, Main Street Storm Sewer Outlet Reconstruction will mature in 2030, Laura Street Reconstruction matures in 2038, West Bremen Street Storm Sewer Improvements matures in 2041, West Bremen Street Improvements and 2024 Street Maintenance Project both mature in 2045, West Bremen Street Improvements Phase II matures in 2051.

The fire truck loan is a zero percent interest loan given by the USDA and disbursed through the Midwest Electric community loan program. This is a ten year loan that will mature in 2034. This loan is paid by the Village and Washington Township.

The Buckeye Drive Extension loan is a loan that was taken in 2019 to further develop Buckeye Drive in the village industrial park. This loan is paid to First National Bank semi annually and has an interest rate of 2.55%. It will mature in 2039.

Year	OPWC Loans	Buckeye Drive		Fire Truck Loan	Total	
	Principal	Principal	Interest	Principal	Principal	Interest
2025	\$33,170	\$15,651	\$6,804	\$36,000	\$84,821	\$6,804
2026	43,017	16,053	6,402	36,000	95,070	6,402
2027	43,017	16,464	5,990	36,000	95,481	5,990
2028	43,017	16,871	5,583	36,000	95,888	5,583
2029	43,017	17,561	4,588	36,000	96,578	4,588
2030-2034	210,379	94,581	14,639	144,000	448,960	14,639
2035-2039	206,711	34,104	3,141		240,815	3,141
2040-2044	179,627				179,627	-
2045-2049	90,419				90,419	-
2050-2051	33,844				33,844	-
Totals	<u><u>\$926,218</u></u>	<u><u>\$211,285</u></u>	<u><u>\$47,147</u></u>	<u><u>\$324,000</u></u>	<u><u>\$1,461,503</u></u>	<u><u>\$47,147</u></u>

Village of New Knoxville, Ohio
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2024

AMP

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 1,000 kilowatts of a total 771,281 kilowatts, giving the Village a 0.13 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 2014, legal ruling, the AMP Board of Trustees on April 15, 2014, and the AMPGS participants on April 16, 2014, approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share at March 31, 2014, of the impaired costs was \$173,962. The Village received a credit of \$28,477 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$45,225 related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost estimate of \$100,260. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's payments.

The Village recovered these costs by replaying AMP through a power cost adjustment for several years, and then paid off the remaining balance for these costs in December 2024.

Note 10 – Contingent Liabilities

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

Note 11 – Jointly Governed Organizations

The New Knoxville Community Improvement Corporation (CIC) was formed for the sole purpose of advancing, encouraging, and promoting the industrial, economic, commercial, and civic development of the Village of New Knoxville and its surrounding area. It is controlled by ten trustees consisting of the Village Mayor, two Village Council Members, Village Solicitor, Village Administrator, one New Knoxville School Board member, one member of the Washington Township Trustees, and three Village residents. The three Village residents are elected by the members of the CIC and serve staggered three-year terms. The remaining trustees hold permanent seats on the Board of Trustees as long as they hold their respective office. The Board exercises total control over the operations of the Corporation, and each participant's degree of control is limited to its representation on the Board. In 2024, the CIC had a net income of \$0.

Note 12 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of

Village of New Knoxville, Ohio
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2024

the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 13 – Fund Balances

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

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>Total</u>
Outstanding Encumbrances	116,558	79,170	85,216	280,944
<i>Total</i>	<u>\$116,558</u>	<u>\$79,170</u>	<u>\$85,216</u>	<u>\$280,944</u>

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

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

Note 15 – Restatement Note

For 2024, the Village changed its financial statement presentation from the cash-basis of accounting to the regulatory basis of accounting permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-02-03(C). The effect of the adjustments on beginning fund cash balance as a result of this change in financial statement presentation is reflected in the chart below.

Village of New Knoxville, Ohio
Auglaize County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Change in Financial Statement Presentation			
	12/31/2023 As Previously Reported	Correction 1	1/1/2024 As Restated
Governmental Funds			
General Fund	\$ 2,338,889		\$ 2,338,889
Special Revenue Fund		\$ 350,300	350,300
Debt Service Fund		38,355	38,355
Capital Projects Fund		177,561	177,561
Street Const. Maint. Rep.	150,280	(150,280)	
Other Gov. Funds	415,936	(415,936)	
Total Governmental Funds	<u>\$ 2,905,105</u>	<u>\$ 0</u>	<u>\$ 2,905,105</u>

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OHIO AUDITOR OF STATE KEITH FABER

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

Village of New Knoxville
Auglaize County
PO Box 246
New Knoxville, Ohio 45871

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2024 and the related notes to the financial statements of the Village of New Knoxville, Auglaize County, Ohio (the Village) and have issued our report thereon dated December 18, 2025, wherein we noted the Village elected to change their financial presentation during 2024 and follow the financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Village's Response to Findings

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

Purpose of This Report

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

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

December 18, 2025

**VILLAGE OF NEW KNOXVILLE
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2024**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2024-001

Financial Reporting – Material Weakness

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

The following misstatements were identified and adjusted on the Village's December 31, 2024 financial statements:

- General Fund beginning fund balance was understated by \$1,133, and the Special Revenue Fund balance was overstated by the same amount due to Fund 2902 not properly rolling up into the General Fund.
- Debt Service Funds understated Capital Outlay expenditures by \$232,453 and understated Loan Proceeds by \$232,453 by failing to properly record new debt.

We also noted errors ranging from \$319 to \$2,853, however, they were not material to the financial statements and not adjusted, but were brought to the attention of management.

The above errors occurred when posting transactions to the accounting system and when reporting financial activity and information on the financial statements as a result of the failure of internal controls to detect or prevent these types of errors. Failure to properly record and report financial activity could lead to material financial statement errors and users of the financial statements to develop conclusions on incorrect information.

The Village should establish and implement procedures to verify that all financial activity is properly recorded and reported.

Officials' Response

The Village discussed the findings with the AOS to better understand the misstatements listed. The Village has revised our Hinkle reports to reflect the balances that align with the AOS findings. The Village will ensure that transactions are recorded correctly and will continue to review all financial matters at monthly council meetings.

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**VILLAGE OF NEW KNOXVILLE
AUGLAIZE COUNTY
DECEMBER 31, 2023**

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**VILLAGE OF NEW KNOXVILLE
AUGLAIZE COUNTY
DECEMBER 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

Village of New Knoxville
Auglaize County
PO Box 246
New Knoxville, Ohio 45871

To the Village Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of New Knoxville, Auglaize County, Ohio (the Village), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of December 31, 2023, and the respective changes in cash-basis financial position and where applicable cash flows thereof and the respective budgetary comparison for the General and Street Construction Maintenance and Repair funds for the year then ended in accordance with the cash-basis of accounting described in Note 2.

Basis for Opinions

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

Emphasis of Matter - Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2025, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State

A handwritten signature in black ink, reading "Tiffany L. Ridenbaugh". The signature is written in a cursive, flowing style.

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

December 18, 2025

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VILLAGE OF NEW KNOXVILLE, AUGLAIZE COUNTY

Statement of Net Position - Cash Basis

December 31, 2023

	Governmental Activities	Business Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,905,105	\$2,405,130	\$5,310,235
	<u>\$2,905,105</u>	<u>\$2,405,130</u>	<u>\$5,310,235</u>
Net Position			
Restricted for:			
Capital Projects	\$184,657		\$184,657
Debt Service	38,355		38,355
Other Purposes	343,204		343,204
Unrestricted	2,338,889	\$2,405,130	4,744,019
Total Net Position	<u>\$2,905,105</u>	<u>\$2,405,130</u>	<u>\$5,310,235</u>

See accompanying notes to the basic financial statements.

VILLAGE OF NEW KNOXVILLE, AUGLAIZE COUNTY

Statement of Activities - Cash Basis

For the Year Ended December 31, 2023

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business Type Activities	Total
Governmental Activities							
Current:							
Security of Persons and Property	\$223,564	\$79,885	\$1,099		(\$142,580)		(\$142,580)
Public Health Services	54				(54)		(54)
Leisure Time Activities	168,264	2,360		\$107,800	(58,104)		(58,104)
Community Environment		260			260		260
Basic Utility Services	33,605	53,930			20,325		20,325
Transportation	103,259	9,609	81,789		(11,861)		(11,861)
General Government	277,158	190			(276,968)		(276,968)
Capital Outlay	610,691				(610,691)		(610,691)
Debt Service:							
Principal Retirement	52,259				(52,259)		(52,259)
Interest and Fiscal Charges	7,184				(7,184)		(7,184)
Total Governmental Activities	1,476,038	146,234	82,888	107,800	(1,139,116)		(1,139,116)
Business Type Activities							
Water Operating	205,230	225,001				\$19,771	19,771
Sewer Operating	172,490	161,508				(10,982)	(10,982)
Electric Operating	1,881,440	1,617,579				(263,861)	(263,861)
Enterprise Security Deposit Fund	4,100	6,000				1,900	1,900
Total Business Type Activities	2,263,260	2,010,088				(253,172)	(253,172)
Total Primary Government	\$3,739,298	\$2,156,322	\$82,888	\$107,800	(1,139,116)	(253,172)	(1,392,288)
General Receipts:							
					63,497		63,497
					594,782		594,782
					39,053	1,991	41,044
					167,663		167,663
					473,802		473,803
					5,796	1,356	7,152
					151,848	1,222	153,070
					7,492	87	7,579
Total General Receipts					1,503,933	4,656	1,508,589
Change in Net Position					364,817	(248,516)	116,301
Net Position Beginning of Year					2,540,288	2,653,646	5,193,934
Net Position End of Year					\$2,905,105	\$2,405,130	\$5,310,235

See accompanying notes to the basic financial statements.

VILLAGE OF NEW KNOXVILLE, AUGLAIZE COUNTY
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds

December 31, 2023

	GENERAL	STREET CONST. MAINT.REP.	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,338,889	\$150,280	\$415,936	\$2,905,105
<i>Total Assets</i>	<u>\$2,338,889</u>	<u>\$150,280</u>	<u>\$415,936</u>	<u>\$2,905,105</u>
Fund Cash Balances, December 31				
Restricted		\$150,280	\$415,936	\$566,216
Committed	\$1,133			1,133
Assigned	399,451			399,451
Unassigned	1,938,305			1,938,305
<i>Fund Cash Balances, December 31</i>	<u>\$2,338,889</u>	<u>\$150,280</u>	<u>\$415,936</u>	<u>\$2,905,105</u>

See accompanying notes to the basic financial statements.

Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis

Governmental Funds

For the Year Ended December 31, 2023

	GENERAL	STREET CONST. MAINT.REP.	Other Governmental Funds	Total Governmental Funds
Receipts				
Municipal Income Taxes	\$594,782			\$594,782
Property Taxes	37,977		\$25,520	63,497
Other Local Taxes	39,053		9,609	48,662
Intergovernmental	68,262	\$75,654	214,435	358,351
Charges for Services	125,575		8,240	133,815
Fines, Licenses and Permits	2,810			2,810
Earnings on Investments	144,988	4,086	2,774	151,848
Miscellaneous	7,185	2	305	7,492
<i>Total Receipts</i>	<u>1,020,632</u>	<u>79,742</u>	<u>260,883</u>	<u>1,361,257</u>
Disbursements				
Current:				
Security of Persons and Property	156,369		67,195	223,564
Public Health Services	54			54
Leisure Time Activities	60,464		107,800	168,264
Basic Utility Services	33,605			33,605
Transportation		30,487	72,772	103,259
General Government	277,158			277,158
Capital Outlay	94,830	31,465	484,396	610,691
Debt Service:				
Principal Retirement			52,259	52,259
Interest and Fiscal Charges			7,184	7,184
<i>Total Disbursements</i>	<u>622,480</u>	<u>61,952</u>	<u>791,606</u>	<u>1,476,038</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>398,152</u>	<u>17,790</u>	<u>(530,723)</u>	<u>(114,781)</u>
Other Financing Sources (Uses)				
Loans Issued			473,802	473,802
Sale of Capital Assets	5,796			5,796
Transfers In			74,359	74,359
Transfers Out	(74,359)			(74,359)
Advances In	178,500		178,500	357,000
Advances Out	(178,500)		(178,500)	(357,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(68,563)</u>		<u>548,161</u>	<u>479,598</u>
<i>Net Change in Fund Balances</i>	329,589	17,790	17,438	364,817
Fund Balances Beginning of Year	2,009,300	132,490	398,498	2,540,288
<i>Fund Balances End of Year</i>	<u>\$2,338,889</u>	<u>\$150,280</u>	<u>\$415,936</u>	<u>\$2,905,105</u>

See accompanying notes to the basic financial statements.

VILLAGE OF NEW KNOXVILLE, AUGLAIZE COUNTY
Statement of Receipts, Disbursements and Changes in Fund Balance
- Budget and Actual - Budget Basis
1000 General

For the Year Ended December 31, 2023

	Budget Amounts			Variance with Final
	Original	Final	Actual	Final
Receipts				
Municipal Income Taxes	\$410,001	\$410,001	\$594,782	\$184,781
Property Taxes	43,150	43,150	37,977	(5,173)
Other Local Taxes	35,000	35,000	39,053	4,053
Intergovernmental	64,654	64,654	68,262	3,608
Charges for Services	97,500	97,500	125,575	28,075
Fines, Licenses and Permits	3,100	3,100	2,810	(290)
Earnings on Investments	9,000	9,000	144,988	135,988
Miscellaneous	7,853	7,853	7,185	(668)
Total Receipts	670,258	670,258	1,020,632	350,374
Disbursements				
Current:				
Security of Persons and Property	231,868	231,868	161,833	70,035
Public Health Services	65	65	54	11
Leisure Time Activities	100,181	100,181	60,700	39,481
Basic Utility Services	55,170	55,170	33,905	21,265
General Government	371,372	371,372	292,600	78,772
Capital Outlay	180,610	172,149	96,978	75,171
Total Disbursements	939,266	930,805	646,070	284,735
Excess of Receipts Over (Under) Disbursements	(269,008)	(260,547)	374,562	635,109
Other Financing Sources (Uses)				
Sale of Capital Assets			5,796	5,796
Transfers Out	(65,898)	(74,359)	(74,359)	
Advances In			178,500	178,500
Advances Out			(178,500)	(178,500)
Total Other Financing Sources (Uses)	(65,898)	(74,359)	(68,563)	5,796
Net Change in Fund Balance	(334,906)	(334,906)	305,999	640,905
Unencumbered Fund Balance Beginning of Year	1,985,963	1,985,963	1,985,963	
Prior Year Encumbrances Appropriated	23,337	23,337	23,337	
Unencumbered Balance End of Year	\$1,674,394	\$1,674,394	\$2,315,299	\$640,905

VILLAGE OF NEW KNOXVILLE, AUGLAIZE COUNTY
Statement of Receipts, Disbursements and Changes in Fund Balance
- Budget and Actual - Budget Basis
2011 Street Construction Maint. & Repair

For the Year Ended December 31, 2023

	Budget Amounts			Variance with Final
	Original	Final	Actual	Final
Receipts				
Intergovernmental	\$56,000	\$56,000	\$75,654	\$19,654
Special Assessments	7,500	7,500		(7,500)
Earnings on Investments	400	400	4,086	3,686
Miscellaneous			2	2
<i>Total Receipts</i>	<u>63,900</u>	<u>63,900</u>	<u>79,742</u>	<u>15,842</u>
Disbursements				
Current:				
Transportation	56,922	56,922	31,665	25,257
Capital Outlay	67,766	67,766	45,763	22,003
Debt Service:				
<i>Total Disbursements</i>	<u>124,688</u>	<u>124,688</u>	<u>77,428</u>	<u>47,260</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(60,788)</u>	<u>(60,788)</u>	<u>2,314</u>	<u>63,102</u>
Unencumbered Fund Balance Beginning of Year	130,383	130,383	130,383	
Prior Year Encumbrances Appropriated	2,107	2,107	2,107	
<i>Unencumbered Balance End of Year</i>	<u>\$71,702</u>	<u>\$71,702</u>	<u>\$134,804</u>	<u>\$63,102</u>

See accompanying notes to the basic financial statements.

Statement of Fund Net Position - Cash Basis

Proprietary Funds

December 31, 2023

	Business Type Activities					
	WATER OPERATING	SEWER OPERATING	ELECTRIC OPERATING	ELECTRIC RESERVE FUND	Other Enterprise Funds	Total Enterprise Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$114,917	\$361,170	\$1,090,740	\$484,000	\$354,303	\$2,405,130
Total Assets	\$114,917	\$361,170	\$1,090,740	\$484,000	\$354,303	\$2,405,130
Net Position						
Unrestricted	\$114,917	\$361,170	\$1,090,740	\$484,000	\$354,303	\$2,405,130
Total Net Position	\$114,917	\$361,170	\$1,090,740	\$484,000	\$354,303	\$2,405,130

See accompanying notes to the basic financial statements.

Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis Proprietary Funds

For the Year Ended December 31, 2023

	Business Type Activities					
	WATER OPERATING	SEWER OPERATING	ELECTRIC OPERATING	ELECTRIC RESERVE FUND	Other Enterprise Funds	Total Enterprise Funds
Operating Receipts						
Charges for Services	\$225,001	\$161,508	\$1,617,579		\$6,000	\$2,010,088
<i>Total Operating Receipts</i>	<u>225,001</u>	<u>161,508</u>	<u>1,617,579</u>		<u>6,000</u>	<u>2,010,088</u>
Operating Disbursements						
Personal Services	75,562	61,329	133,964			270,855
Employee Fringe Benefits	26,319	23,661	55,625			105,605
Contractual Services	37,167	28,348	1,165,351			1,230,866
Supplies and Materials	60,900	6,231	36,325			103,456
Other			1,991		4,100	6,091
<i>Total Operating Disbursements</i>	<u>199,948</u>	<u>119,569</u>	<u>1,393,256</u>		<u>4,100</u>	<u>1,716,873</u>
<i>Operating Income</i>	<u>25,053</u>	<u>41,939</u>	<u>224,323</u>		<u>1,900</u>	<u>293,215</u>
Non-Operating Receipts (Disbursements)						
Property and Other Local Taxes			1,991			1,991
Earnings on Investments					1,222	1,222
Sale of Capital Assets			1,356			1,356
Miscellaneous Receipts	13	10	64			87
Capital Outlay	(5,282)	(52,921)	(488,184)			(546,387)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(5,269)</u>	<u>(52,911)</u>	<u>(484,773)</u>		<u>1,222</u>	<u>(541,731)</u>
<i>Income (Loss) before Transfers</i>	<u>19,784</u>	<u>(10,972)</u>	<u>(260,450)</u>		<u>3,122</u>	<u>(248,516)</u>
Transfers In					25,000	25,000
Transfers Out		(25,000)				(25,000)
<i>Change in Net Position</i>	<u>19,784</u>	<u>(35,972)</u>	<u>(260,450)</u>		<u>28,122</u>	<u>(248,516)</u>
Net Position Beginning of Year	95,133	397,142	1,351,190	\$484,000	326,181	2,653,646
<i>Net Position End of Year</i>	<u>\$114,917</u>	<u>\$361,170</u>	<u>\$1,090,740</u>	<u>\$484,000</u>	<u>\$354,303</u>	<u>\$2,405,130</u>

See accompanying notes to the basic financial statements.

Statement of Cash Flows - Cash Basis **Proprietary Funds**

For the Year Ended December 31, 2023

	Business Type Activities					
	WATER OPERATING	SEWER OPERATING	ELECTRIC OPERATING	ELECTRIC RESERVE FUND	Other Enterprise Funds	Total Enterprise Funds
Increase (Decrease) in Cash and Cash Equivalents						
Cash Flows from Operating Activities						
Cash Received from Customers	\$225,001	\$161,508	\$1,617,579		\$6,000	\$2,010,088
Cash Payments to Employees for Services	(75,562)	(61,329)	(133,964)			(270,855)
Cash Payments for Employee Benefits	(26,319)	(23,661)	(55,625)			(105,605)
Cash Payments for Goods and Services	(98,067)	(34,579)	(1,201,676)			(1,334,322)
Other Cash Payments			(1,991)		(4,100)	(6,091)
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>25,053</u>	<u>41,939</u>	<u>224,323</u>		<u>1,900</u>	<u>293,215</u>
Cash Flows from Noncapital Financing Activities						
Property Taxes (for noncapital purposes)			1,991			1,991
Other Cash Receipts	13	10	64			87
Transfers In					25,000	25,000
Transfers Out		(25,000)				(25,000)
<i>Net Cash Provided by (Used in) Noncapital Financing</i>	<u>13</u>	<u>(24,990)</u>	<u>2,055</u>		<u>25,000</u>	<u>2,078</u>
Cash Flows from Capital and Related Financing						
Sale of Capital Assets			1,356			1,356
Payments for Capital Acquisitions	(5,282)	(52,921)	(488,184)			(546,387)
<i>Net Cash Provided by (Used in) Capital and Related</i>	<u>(5,282)</u>	<u>(52,921)</u>	<u>(486,828)</u>			<u>(545,031)</u>
Cash Flows from Investing Activities						
Interest on Investments					1,222	1,222
<i>Net Cash Provided by (Used in) Investing Activities</i>					<u>1,222</u>	<u>1,222</u>
<i>Net Increase (Decrease) in Cash and Cash</i>	<u>19,784</u>	<u>(35,972)</u>	<u>(260,450)</u>		<u>28,122</u>	<u>(248,516)</u>
Cash and Cash Equivalents Beginning of Year	95,133	397,142	1,351,190	\$484,000	326,181	2,653,646
<i>Cash and Cash Equivalents End of Year</i>	<u>\$114,917</u>	<u>\$361,170</u>	<u>\$1,090,740</u>	<u>\$484,000</u>	<u>\$354,303</u>	<u>\$2,405,130</u>

See accompanying notes to the basic financial statements.

VILLAGE OF NEW KNOXVILLE, AUGLAIZE COUNTY

Statement of Changes in Fiduciary Net Position - Cash

Basis

Fiduciary Funds

For the Year Ended December 31, 2023

	Custodial
	Other
	Custodial
Additions	
Fines, Licenses and Permits for Distribution	\$268
Total Additions	268
Deductions	
Other Distributions	268
Total Deductions	\$268
Change in Net Position	
Net Position Beginning of Year	
Net Position End of Year	

See accompanying notes to the basic financial statements.

Village of New Knoxville, Ohio
Auglaize County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The Village of New Knoxville (the Village), Auglaize County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

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

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 of New Knoxville provides the following services to its citizens: police and fire protection, parks and recreation, building inspection, street maintenance and repairs, water, sewer and refuse collection.

Jointly Governed Organizations and Public Entity Risk Pools

The Village participates in one jointly governed organization and one public entity risk pool Notes 12 and 13 to the financial statements provide additional information for these entities.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in the "Basis of Accounting" section of this note, 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. 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 position 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 position 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.

Village of New Knoxville, Ohio
Auglaize County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

The statement of net position presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with 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 program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants required to be used to support a particular program. General receipts are all receipts not classified as program receipts, 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.

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

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

Proprietary Funds The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service 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.

Village of New Knoxville, Ohio
Auglaize County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

Electric Fund The electric fund accounts for the provision of electric distribution to the residents and commercial users within the Village.

Electric Fund Reserve The electric fund reserve accounts for future electric capital improvements and upkeep of electric distribution equipment.

Fiduciary Funds The Village uses fiduciary funds to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs. The Village has one fiduciary fund:

Mayor's Court Fund The mayor's court fund accounts for revenues from mayor's court citations. Resources are held in this fiduciary fund until they can be split between their respective parties. At December 31, 2023, the balance was \$0.

Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. 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 custodial 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 ordinance, 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 Village Council may appropriate.

The appropriations ordinance is Village Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by Village Council. The legal level of control has been established by Village Council at the fund, department, 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 Clerk. 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 certificated of estimated resources in effect at the time final appropriations were passed by Village Council.

Village of New Knoxville, Ohio
Auglaize County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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 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 Cash Equivalents”.

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.

During 2023, the Village invested in STAR Ohio. Investments are reported at cost, except for STAR Ohio.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The Village measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is appreciated. STAR Ohio reserves the right to limit the transaction to \$250 million per day.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2023 was \$144,988, which includes \$85,623 assigned from other Village funds.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. 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.

Village of New Knoxville, Ohio
Auglaize County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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.

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 8 and 9, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

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.

Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for street and highway improvements and federal and state grants restricted to cash disbursements for specific purpose.

The Village's policy is first to apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

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. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Village of New Knoxville, Ohio
Auglaize County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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, as both are equally binding) 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, as both are equally binding) 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 revenue; 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.

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 the Village Council or a Village official delegated that authority by resolution or by State Statute. State Statute authorizes the Village Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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.

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.

Internal Activity

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

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Village of New Knoxville, Ohio
Auglaize County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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.

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, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General and Street funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis are as follows:

1. Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

	General	Street Maintenance
Cash Basis	329,589	17,790
Encumbrances	(23,590)	(15,476)
	<u>305,999</u>	<u>2,314</u>

Note 4 – Deposits and Investments

State statutes classify monies held by the Village into three categories.

Active deposits 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:

Village of New Knoxville, Ohio
Auglaize County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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 obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (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;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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. Except as noted above, 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

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 the Village and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured.

Village of New Knoxville, Ohio
Auglaize County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Investments

As of December 31, 2023, the Village had the following investments:

	<u>Fair Value</u>
STAR Ohio	<u>1,506,182</u>
Total Portfolio	<u><u>\$1,506,182</u></u>

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 the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Note 5 – Taxes

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2023 for real and public utility property taxes represents collections of 2022 taxes.

2023 real property taxes are levied after October 1, 2023, on the assessed value as of January 1, 2023, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2023 real property taxes are collected in and intended to finance 2024.

Real property taxes are payable annually or 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. 2023 public utility property taxes which became a lien December 31, 2022, are levied after October 1, 2023, and are collected in 2024 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2023, was \$50.59 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2023 property tax receipts were based are as follows:

Real Property	\$18,178,500
Public Utility Personal Property	<u>(291,450)</u>
Total	<u><u>\$17,887,050</u></u>

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.

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Income Taxes

The Village levies a 1.5 percent income tax on substantially all income earned in the Village. In addition, Village residents employed in municipalities having an income tax less than 1.5 percent 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.

Note 6 – Interfund Transfers

Transfers

During 2023, the following transfers were made:

	<div>Transfer from</div> <div>Major Funds</div>		
Transfer to	General	Sewer Fund	Total
Other Nonmajor Governmental Funds	\$74,359	\$0	\$74,359
Other Nonmajor Proprietary Funds	\$0	\$25,000	\$25,000

The above-mentioned Transfers From/To were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and to move funds from proprietary funds to their associated reserve funds.

Note 7 – Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2023, the Village contracted with several companies for various types of insurance as follows:

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Type of Coverage	Coverage	Deductible
Stolly Insurance Company		
Blanket Property and Contents, Replacement	\$6,918,472	\$1,000
Inland Marine	435,676	1,000
General Liability		
Bodily Injury & Property Damage - each occurrence	2,000,000	
Personal & Adverstising Injury - each offense limit	2,000,000	
General Aggregate Limit	4,000,000	
Product - completed Operations Agregate Limit	4,000,000	
Medical Expense - Any One Person Limit	10,000	
Medical Expense - Any One Accident Limit	50,000	
Automotive Liability	2,000,000	250
Data Breach and Privacy Liability - each claim	250,000	25,000
Employment Practices Liability - each wrongful act	2,000,000	1,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there was no significant reduction in coverage from the prior year.

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

The Village manages employee health benefits on a self-insured basis. The employee health benefit plan provides basic health and dental coverage through Anthem Blue Cross Blue Shield, the third-party administrator (TPA) of the program, which reviews and pays the claims. The Village pays 90 percent of premium costs for employees, and 75 percent of premium costs for employee family members. Total health insurance costs incurred by the Village during 2023 were \$86,685.

Note 8 – Defined Benefit Pension Plans

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Village employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

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	<u>State and Local</u>
2023 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %

2023 Actual Contribution Rates

Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	<u>0.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

For 2023, the Village's contractually required contribution was \$56,138.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Plan Description – Village full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. 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 and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

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For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.0 percent of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.0 percent or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>Police</u>
2023 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee	12.25 %
 2023 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	<u>0.50</u>
 Total Employer	<u>19.50 %</u>
 Employee	<u>12.25 %</u>

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Employer contribution rates are expressed as a percentage of covered payroll. The Village's contractually required contribution to OP&F was \$10,566 for 2023.

Social Security

The Village employs 22 firefighters and 2 council members who contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

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

Note 9 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The 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 health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Medicare Retirees Medicare-eligible with a minimum of 20 years of qualifying service credit

Non-Medicare Retirees Non-Medicare retirees qualify based on the following age-and-service criteria:

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Group A 30 years of qualifying service credit at any age;

Group B 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

Group C 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022 who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022,

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

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Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a two percent allocation to health care for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2022 was 4.0 percent; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$2,246 for 2023.

Ohio Police and Fire Pension Fund

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

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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. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 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 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2023, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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 contractually required contribution to OP&F was \$53 for 2023.

Note 10 – Debt

Long-Term Obligations

Debt Issue	Rate	Issue Amount	Date of Maturity
Governmental Activities			
Buckeye Drive Extension Project	2.55%	350,000	5/13/2039
OPWC Loans:			
Laura Street Reconstruction	0%	55,021.85	1/1/2038
South Street Reconstruction	0%	88,500.00	1/1/2026
Main Street Storm Sewer Outlet Reconstruction	0%	18,825.30	1/1/2030
West Bremen Street Storm Sewer Improvements	0%	140,286.06	7/1/2041
West Bremen Street Improvements	0%	103,581.00	1/1/2045
West Bremen St. Improv PH2	0%	473,802.00	7/1/2051

The changes in the Village's long-term debt during 2023 were as follows:

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	Amount Outstanding 12/31/22	Additions	Deletions	Amount Outstanding 12/31/23	Amount Due in One Year
Governmental Activities					
Buckeye Drive Extension Project	\$263,059		\$25,628	\$237,431	\$15,240
OPWC Loans:					
Laura Street Reconstruction	27,511		1,834	25,677	1,834
South Street Reconstruction	13,275		4,425	8,850	4,425
Main Street Storm Sewer Outlet Replaceme	6,589		941	5,648	941
West Bremen Street Storm Sewer	136,689		7,194	129,495	7,194
West Bremen Street Improvements	99,077		4,504	94,573	4,504
West Bremen St. Improv PH2		473,802	8,461	465,341	16,921
Total Governmental Activities	<u>\$546,200</u>	<u>\$473,802</u>	<u>\$52,986</u>	<u>\$967,015</u>	<u>\$51,059</u>

The Village contracted with First National Bank in New Bremen for the Buckeye Drive Extension Project loan. This loan originated in 2019, is paid back on a semiannual basis, and matures in 2039.

The Village started 2023 with five outstanding loans with the Ohio Public Works Commission. Three of the loans are for street reconstruction and two are for storm sewer outlet replacement and repair. All five loans are paid back on a semiannual basis. The South Street loan will mature in 2026, and Laura Street will mature in 2038. The Main Street Storm Sewer Outlet replacement loan will mature in 2030, the West Bremen Street Storm Sewer loan will mature in 2041, and the West Bremen Street Improvements loan will mature in 2045. The Village started a new street construction loan with the Ohio Public Works Commission in 2023. This loan, West Bremen St. Improv PH2, is also paid back semiannually and will mature in 2051.

	OPWC Loans	Buckeye Drive		Total	
Year	Principal	Principal	Interest	Principal	Interest
2024	35,819	15,240	7,215	51,059	7,215
2025	35,819	15,651	6,804	51,470	6,804
2026	31,394	16,053	6,402	47,447	6,402
2027	31,394	16,464	5,990	47,858	5,990
2028	31,394	16,871	5,583	48,265	5,583
2029-2033	153,207	92,464	17,062	245,671	17,062
2034-2038	150,432	64,688	5,421	215,120	5,421
2039-2043	128,708			128,708	-
2044-2048	89,111			89,111	-
2049-2051	42,306			42,306	-
Totals	<u>729,584</u>	<u>237,431</u>	<u>54,477</u>	<u>967,015</u>	<u>54,477</u>

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For the Year Ended December 31, 2023

AMP

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 1,000 kilowatts of a total 771,281 kilowatts, giving the Village a 0.13 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 2014, legal ruling, the AMP Board of Trustees on April 15, 2014, and the AMPGS participants on April 16, 2014, approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share at March 31, 2014, of the impaired costs was \$173,962. The Village received a credit of \$28,477 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$45,225 related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost estimate of \$100,260. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's payments.

The Village intends to recover these costs and repay AMP over the next several years through a power cost adjustment.

Note 11 – 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.

Note 12 – Jointly Governed Organizations

The New Knoxville Community Improvement Corporation (CIC) was formed for the sole purpose of advancing, encouraging, and promoting the industrial, economic, commercial, and civic development of the Village of New Knoxville and its surrounding area. It is controlled by ten trustees consisting of the Village Mayor, two Village Council Members, Village Solicitor, Village Administrator, one New Knoxville School Board member, one member of the Washington Township Trustees, and three Village residents. The three Village residents are elected by the members of the CIC and serve staggered three-year terms. The remaining trustees hold permanent seats on the Board of Trustees as long as they hold their respective office. The Board exercises total control over the operations of the Corporation, and each participant's degree of control is limited to its representation on the Board. In 2023, the CIC had a net income of \$0.

Note 13 – Public Entity Risk Pool

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

Village of New Knoxville, Ohio
Auglaize County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 14 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Street Maintenance	Other Governmental Funds	Total
Restricted for				
Community Development			7,096	7,096
Debt Service			38,355	38,355
Disaster Relief			73,381	73,381
Emergency Medical Services			2,760	2,760
Fire Operations			95,586	95,586
Issue II Projects			2,468	2,468
Roan Maintenance & Improvements		150,280	196,290	346,570
<i>Total Restricted</i>		<u>150,280</u>	<u>415,936</u>	<u>566,216</u>
Committed to				
Compensated Absences	1,133			1,133
<i>Total Committed</i>	<u>1,133</u>			<u>1,133</u>
Assigned to				
Subsequent Year Appropriations	375,861			375,861
Reserved for Encumbrances	23,590			23,590
<i>Total Assigned</i>	<u>399,451</u>			<u>399,451</u>
Unassigned	<u>1,938,305</u>			<u>1,938,305</u>
<i>Total Fund Balances</i>	<u>\$2,338,889</u>	<u>\$150,280</u>	<u>\$415,936</u>	<u>\$2,905,105</u>

Note 15 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
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800-282-0370

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

Village of New Knoxville
Auglaize County
PO Box 246
New Knoxville, Ohio 45871

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of New Knoxville, Auglaize County, Ohio (the Village) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated December 18, 2025, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

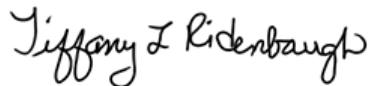
Village's Response to Findings

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

Purpose of This Report

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

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

December 18, 2025

**VILLAGE OF NEW KNOXVILLE
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2023-001

Financial Reporting – Material Weakness

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

Government Accounting Standards Board (GASB) Cod. 2200.159 and .160 as well as paragraphs 75 and 76 of Government Accounting Standards Board (GASB) Statement No. 34, as amended by GASB Statements No. 37 and 65, provide the focus of governmental and proprietary fund financial statements is on major funds. Fund statements should present the financial information of each major fund in a separate column. Non-major funds should be aggregated and displayed in a single column. The reporting government's main operating fund (the general fund or its equivalent) should always be reported as a major fund. Other individual governmental and enterprise funds should be reported in separate columns as major funds based on these criteria:

- a. The total of assets and deferred outflows of resources, the total of liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding element(s) total (total assets and deferred outflows of resources, total liabilities and deferred inflows of resources, and so forth) for all funds of that category or type (that is, total governmental or total enterprise funds), and
- b. The same element(s) that met the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental and enterprise funds combined.

Due to an oversight in the major fund calculations, the Village's financial statements did not report the Electric Reserve Fund as a major fund for 2023. In addition, the Village's financial reporting controls failed to identify the error. This resulted in Other Enterprise Fund being overstated in beginning and ending fund balance of \$484,000. The Village adjusted their financial statements to properly reflect the Village's major funds.

In addition, the following misstatements were identified and adjusted on the Village's December 31, 2023 financial statements:

- Assigned General Fund Balance was understated due to subsequent year appropriations exceeding estimated resources by \$375,861, and Unassigned Fund Balance was overstated.
- Other Governmental Funds understated Capital Outlay expenditures by \$473,802 and understated Loan Proceeds by \$473,802 by failing to properly record new debt.
- The ARPA - Coronavirus Relief Fund balance was improperly classified as Restricted for Debt Service, rather than Restricted for Other Purposes, resulting in a reclassification of \$73,381.

We also noted errors ranging from \$728 to \$3,203, however, they were not material to the financial statements and not adjusted, but were brought to the attention of management.

FINDING NUMBER 2023-001
(Continued)

The above errors occurred when posting transactions to the accounting system and when reporting financial activity and information on the financial statements. Failure to properly record and report financial activity could lead to material financial statement errors and users of the financial statements to develop conclusions on incorrect information.

The Village should establish and implement procedures to verify that all financial activity is properly recorded and reported.

Officials' Response

The Village discussed the findings with the AOS to better understand the misstatements listed. The Village has revised our Hinkle reports to reflect the balances that align with the AOS findings. The Village will ensure that transactions are recorded correctly and will continue to review all financial matters at monthly council meetings.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF NEW KNOXVILLE

AUGLAIZE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 1/20/2026

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

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