

**VILLAGE OF NEW LEXINGTON
PERRY COUNTY**

AUDIT REPORT

JANUARY 1, 2019 – DECEMBER 31, 2019

**Wilson, Phillips & Agin, CPA's, Inc.
1100 Brandywine Blvd. Building G
Zanesville, Ohio 43701**

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Village Council
Village of New Lexington
215 South Main Street
New Lexington, Ohio 43764

We have reviewed the *Independent Auditors' Report* of the Village of New Lexington, Perry County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2019 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

July 22, 2020

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**VILLAGE OF NEW LEXINGTON
PERRY COUNTY**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

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

To the Village Council:

Report on Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, each major fund and aggregate remaining fund information of Village of New Lexington, Perry County as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprised the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about the financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of New Lexington, Perry County, as of December 31, 2019 and the respective changes in cash financial position and the respective budgetary comparison for the General Fund and Fire & EMS Levy Fund, thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matters

As discussed in Note 15 to the financial statements, the Village has suffered recurring losses from operations and has a net position deficiency in the Fire and EMS Fund. Note 15 describes management's plans regarding these matters. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. This matter does not affect our opinion on these financial statements.

As discussed in Note 18 to the financial statements, during 2020, the impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Matters

Other Information

We applied no procedures to the Management's Discussion and Analysis presented on pages 3-9 of the report, and accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 13, 2020, on our consideration of Village of New Lexington'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
March 13, 2020

Village of New Lexington
Perry County
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

The management's discussion and analysis of the Village of New Lexington's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2019, within the limitations of the Village's cash basis of accounting. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the cash basis basic financial statements and the notes to the basic financial statements to enhance their understanding of the Village's financial performance.

Financial Highlights

Key financial highlights for 2019 are as follows:

- The total net position of the Village decreased \$309,081. Net position of governmental activities decreased \$255,276 and net position of business-type activities decreased \$53,805 from 2018.
- General cash receipts of Governmental Activities totaled \$1,537,727 and amounted to 62% of total cash receipts. Program specific cash receipts accounted for \$927,980 or 38% of total governmental activities cash receipts. Total governmental activities cash receipts for 2019 were \$2,465,707.
- The Village had \$2,720,983 in cash disbursements related to governmental activities; \$927,980 of these cash disbursements were offset by program specific charges for services and sales, grants or contributions. The remaining cash disbursements of the governmental activities of \$1,793,003 were offset by general cash receipts (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$1,537,727.
- The Village's major governmental funds are the General Fund and the Fire and EMS Levy Special Revenue Fund. The General Fund had cash receipts of \$1,324,328 and cash disbursements and other financing uses of \$1,654,909. The net decrease in fund balance for the General Fund was \$330,581.
- The Fire and EMS Levy Fund had cash receipts of \$721,118 and cash disbursements of \$670,410. The net increase in fund balance was \$50,708.
- The Water Fund had cash receipts \$1,074,534 and cash disbursements of \$1,046,835 in 2019. The net change in net position was an increase of \$27,699.
- The Sewer Fund had cash receipts of \$2,123,415 and cash disbursements of \$2,198,412 in 2019. The net change in net position was an decrease of \$74,997.

Using the Basic Financial Statements

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

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

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

Since the Village uses the cash basis of accounting, certain assets and their related revenues and liabilities and their related expenses are not recorded on these financial statements. Therefore, when reviewing the financial information

Village of New Lexington
Perry County
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Village as a Whole

Statement of Net Position and the Statement of Activities

A general question typically asked about the Village's finances is "How did we do financially during 2019?" The statement of net position-cash basis and the statement of activities-cash basis answer this question. These statements include only net position using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's cash receipts and cash disbursements if the cash is actually received or paid.

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

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

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

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

Reporting the Village's Most Significant Funds

Fund Financial Statements

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

Village of New Lexington
Perry County
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

Governmental Funds

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

Proprietary Funds

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

The Village of New Lexington as a Whole

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

The table below provides a summary of the Village's net position for 2019.

	Net Position	
	Governmental Activities	Business-Type Activities
	2019	2019
Assets:		
Cash and investments	\$559,322	\$2,132,104
Total assets	\$559,322	\$2,132,104
Net position:		
Restricted	\$210,086	\$0
Assigned	11,015	0
Unrestricted (deficit)	338,221	2,132,104
Total net assets	\$559,322	\$2,132,104

The total net position of the Village was \$2,691,426.

Village of New Lexington
Perry County
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

The table below provides a summary of the Village's net position for 2019.

	Change in Net Position	
	Governmental Activities	Business-Type Activities
	2019	2019
Cash receipts:		
Program cash receipts:		
Charges for services and sales	\$707,183	\$1,909,258
Operating grants and contributions	219,809	0
Capital grants and contributions	988	163,436
Total program cash receipts	927,980	2,072,694
General cash receipts:		
Property taxes	199,133	0
Income taxes	1,044,652	0
Other local taxes	42,746	0
Unrestricted grants and entitlements	11,707	0
Debt Proceeds	86,984	1,091,564
Interest	7,346	0
Sale of Capital Assets	0	0
Cable franchise fees	29,766	0
Miscellaneous	115,393	33,841
Total general cash receipts	1,537,727	1,125,405
Total cash receipts	2,465,707	3,198,099
Cash disbursements:		
General government	660,287	0
Security of persons and property	1,249,235	0
Leisure time activities	98,566	0
Public Health	35,851	0
Community Environment	2,500	0
Transportation	259,313	0
Capital Outlay	243,638	0
Debt service:		
Principal	122,537	0
Interest and fiscal charges	49,056	0
Water	0	1,053,492
Sewer	0	2,198,412
		3
Total cash disbursements	2,720,983	3,251,904
Change in net position	(255,276)	(53,805)
Net position, beginning of year	814,598	2,185,909
Net position, end of year	\$559,322	\$2,132,104

Village of New Lexington
Perry County
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

Governmental activities net position decreased \$255,276 in 2019. Security of persons and property, which primarily supports the operations of the police, fire, and emergency medical services departments, accounted for \$1,249,235 of the total cash disbursements of the Village. General cash receipts totaled \$1,537,727 and amounted to 62% of total cash receipts. General cash receipts primarily consist of property and income tax receipts, and unrestricted grants and entitlements.

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

Governmental Activities		
Program Cash Receipts vs. Total Cash Disbursements		
	Total Cost of Services 2019	Net Cost of Services 2019
Program cash disbursements:		
General government	\$660,287	\$625,420
Public Health Services	35,851	35,851
Security of persons and property	1,249,235	650,469
Leisure time activity	98,566	66,554
Community Environment	2,500	(3,990)
Basic Utility Services	0	(6,612)
Transportation	259,313	10,080
Capital Outlay	243,638	243,638
Debt service:		
Principal	122,537	122,537
Interest and fiscal charges	49,056	49,056
Total	\$2,720,983	\$1,793,003

Business-Type Activities

Business-type activities include the water and sewer funds. These major funds had program cash receipts of \$2,072,694, general cash receipts of \$1,125,405 and cash disbursements of \$3,251,904 for 2019.

Financial Analysis of the Village's Funds

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

Governmental Funds

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

Village of New Lexington
Perry County
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

The Village's governmental funds reported a combined fund cash balance of \$559,322. The schedule below indicates the fund cash balance as of December 31, 2019 for all major and nonmajor governmental funds.

	Fund Balances (Deficits) 12/31/19
Major funds:	
General	\$377,313
Fire and EMS	(28,077)
Other governmental funds	210,086
Total	\$559,322

Budgeting Highlights - General Fund

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

Budgetary information is presented for the General Fund and Fire and EMS Levy Fund. In the General Fund, the actual cash receipts and other financing sources were \$1,324,328 and actual cash disbursements were \$1,513,075.

Capital Assets and Debt Administration

Capital Assets

The Village does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as cash disbursements. The Village had capital outlay cash disbursements of \$243,638 in governmental funds during 2019.

Debt Administration

The Village had the following long-term obligations outstanding at December 31, 2019:

	Governmental Activities 2019
General obligation notes	\$1,234,687
Medic Squad note	134,119
Fire Equipment Loan	81,754
Total long-term obligations	\$1,450,560

Village of New Lexington
Perry County
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

	Business-Type Activities
	<u>2019</u>
Sanitary Sewer revenue bonds	\$716,000
OWDA loans	5,152,460
OPWC loans	<u>353,865</u>
Total long-term obligations	<u>\$6,222,325</u>

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

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Heather Rockwell, Finance Director, Village of New Lexington, 215 South Main Street, New Lexington, Ohio 43764.

Village of New Lexington
Perry County

Statement of Net Position - Cash Basis
December 31, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Equity in Pooled Cash and Cash Equivalents	\$ 559,322	\$ 2,132,104	\$ 2,691,426
Total Assets	\$ 559,322	\$ 2,132,104	\$ 2,691,426
NET POSITION:			
Restricted for:			
Debt Service	-	-	-
Other Purposes	221,101	-	221,101
Unrestricted	338,221	2,132,104	2,470,325
Total Net Assets	\$ 559,322	\$ 2,132,104	\$ 2,691,426

See notes to basic financial statements.

Village of New Lexington
Perry County

Statement of Activities - Cash Basis
For the Year Ended December 31, 2019

	<u>Cash</u> <u>Disbursements</u>	<u>Charges for</u> <u>Services</u> <u>and Sales</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital Grants</u> <u>and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Governmental Activities:							
Current:							
Security of Persons and Property	\$ 1,249,235	\$ 598,766	\$ -	\$ -	\$ (650,469)	\$ -	\$ (650,469)
Public Health Services	35,851	-	-	-	(35,851)	-	(35,851)
Leisure Time Activities	98,566	17,702	14,310	-	(66,554)	-	(66,554)
Community Environment	2,500	6,490	-	-	3,990	-	3,990
Basic Utility Services	-	6,612	-	-	6,612	-	6,612
Transportation	259,313	42,746	205,499	988	(10,080)	-	(10,080)
General Government	660,287	34,867	-	-	(625,420)	-	(625,420)
Capital Outlay	243,638	-	-	-	(243,638)	-	(243,638)
Debt Service							
Principal Retirement	122,537	-	-	-	(122,537)	-	(122,537)
Interest and Fiscal Charges	49,056	-	-	-	(49,056)	-	(49,056)
<i>Total Governmental Activities</i>	<u>2,720,983</u>	<u>707,183</u>	<u>219,809</u>	<u>988</u>	<u>(1,793,003)</u>	<u>-</u>	<u>(1,793,003)</u>
Business Type Activities							
Water Operating	1,046,835	1,069,434	-	-	-	22,599	22,599
Sewer Operating	2,198,412	839,674	-	163,436	-	(1,195,302)	(1,195,302)
Guaranteed Water Deposits	6,657	150	-	-	-	(6,507)	(6,507)
<i>Total Business Type Activities</i>	<u>3,251,904</u>	<u>1,909,258</u>	<u>-</u>	<u>163,436</u>	<u>-</u>	<u>(1,179,210)</u>	<u>(1,179,210)</u>
<i>Total Primary Government</i>	<u>\$ 5,972,887</u>	<u>\$ 2,616,441</u>	<u>\$ 219,809</u>	<u>\$ 164,424</u>	<u>(1,793,003)</u>	<u>(1,179,210)</u>	<u>(2,972,213)</u>
General Receipts:							
Property Taxes					199,133	-	199,133
Income Taxes					1,044,652	-	1,044,652
Other Taxes					42,746	-	42,746
Grants and Entitlements not Restricted to Specific Programs					11,707	-	11,707
Loan Proceeds					86,984	1,091,564	1,178,548
Cable Franchise Fees					29,766	-	29,766
Sale of Capital Assets					-	-	-
Earnings on Investments					7,346	-	7,346
Miscellaneous					115,393	33,841	149,234
<i>Total General Receipts</i>					<u>1,537,727</u>	<u>1,125,405</u>	<u>2,663,132</u>
Change in Net Position					(255,276)	(53,805)	(309,081)
<i>Net Position Beginning of Year, restated</i>					<u>814,598</u>	<u>2,185,909</u>	<u>3,000,507</u>
<i>Net Position End of Year</i>					<u>\$ 559,322</u>	<u>\$ 2,132,104</u>	<u>\$ 2,691,426</u>

See notes to the basic financial statements.

Village of New Lexington
Perry County

Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2019

	<u>General</u>	<u>Fire & EMS Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:				
Equity in Pooled Cash and Cash Equivalents	\$ 377,313	\$ (28,077)	\$ 210,086	\$ 559,322
<i>Total Assets</i>	<u>\$ 377,313</u>	<u>\$ (28,077)</u>	<u>\$ 210,086</u>	<u>\$ 559,322</u>
Fund Cash Balances:				
Restricted	\$ -	\$ -	\$ 210,086	\$ 210,086
Assigned	11,015	-	-	11,015
Unassigned	366,298	(28,077)	-	338,221
<i>Total Fund Cash Balances</i>	<u>\$ 377,313</u>	<u>\$ (28,077)</u>	<u>\$ 210,086</u>	<u>\$ 559,322</u>

See notes to basic financial statements.

Village of New Lexington
Perry County

Statement of Receipts, Disbursements and Changes in Fund Balance - Cash Basis
Governmental Funds
For The Year Ended December 31, 2019

	<u>General</u>	<u>Fire &EMS Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts				
Municipal Income Taxes	\$ 1,044,652	\$ -	\$ -	\$ 1,044,652
Property Taxes	68,086	69,299	61,748	199,133
Other Local Taxes	-	-	42,746	42,746
Intergovernmental	87,894	9,724	232,688	330,306
Charges for Services	6,612	543,710	17,702	568,024
Fines, Licenses and Permits	39,327	3,850	27,946	71,123
Earnings on Investments	7,346	-	-	7,346
Miscellaneous	70,411	7,551	37,431	115,393
<i>Total Receipts</i>	<u>1,324,328</u>	<u>634,134</u>	<u>420,261</u>	<u>2,378,723</u>
Disbursements:				
Current:				
Security of Persons and Property	784,046	465,189	-	1,249,235
Public Health Services	-	-	35,851	35,851
Leisure Time Activities	1,871	-	96,695	98,566
Community Environment	2,500	-	-	2,500
Transportation	-	-	259,313	259,313
General Government	660,287	-	-	660,287
Capital Outlay	-	86,984	156,654	243,638
Debt Service				
Principal Retirement	34,024	88,513	-	122,537
Interest and Fiscal Charges	19,332	29,724	-	49,056
<i>Total Disbursements</i>	<u>1,502,060</u>	<u>670,410</u>	<u>548,513</u>	<u>2,720,983</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(177,732)	(36,276)	(128,252)	(342,260)
<i>Other Financing Sources (Uses)</i>				
Other Debt Proceeds	-	86,984	-	86,984
Transfers-In	-	-	152,849	152,849
Other Financing Uses	-	-	-	-
Transfer Out	(152,849)	-	-	(152,849)
<i>Total Other Financing Sources (Uses)</i>	<u>(152,849)</u>	<u>86,984</u>	<u>152,849</u>	<u>86,984</u>
<i>Net Change in Fund Balance</i>	(330,581)	50,708	24,597	(255,276)
<i>Cash Fund Balances Beginning of Year, restated</i>	<u>707,894</u>	<u>(78,785)</u>	<u>185,489</u>	<u>814,598</u>
<i>Cash Fund Balances End of Year</i>	<u>\$ 377,313</u>	<u>\$ (28,077)</u>	<u>\$ 210,086</u>	<u>\$ 559,322</u>

See notes to basic financial statements.

Village of New Lexington
Perry County

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual
General Fund
For The Year Ended December 31, 2019*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Municipal Income Taxes	\$ 1,000,000	\$ 1,000,000	\$ 1,044,652	\$ 44,652
Property Taxes	68,000	68,086	68,086	-
Other Local Taxes	-	-	-	-
Intergovernmental	68,350	68,350	87,894	19,544
Charges for Services	6,612	6,612	6,612	-
Fines, Licenses and Permits	35,430	35,430	39,327	3,897
Earnings on Investments	5,000	5,000	7,346	2,346
Miscellaneous	49,500	49,500	70,411	20,911
<i>Total Receipts</i>	<u>1,232,892</u>	<u>1,232,978</u>	<u>1,324,328</u>	<u>91,350</u>
Disbursements				
Current:				
Security of Persons and Property	824,886	881,572	791,121	90,451
Leisure Time Activities	3,000	3,000	1,871	1,129
Community Environment	30,000	80,000	2,500	77,500
General Government	423,672	736,027	664,227	71,800
Debt Service				
Principal Retirement	23,837	34,130	34,024	106
Interest and Fiscal Charges	12,435	20,492	19,332	1,160
<i>Total Disbursements</i>	<u>1,317,830</u>	<u>1,755,221</u>	<u>1,513,075</u>	<u>242,146</u>
<i>Excess Of Receipts Over (Under) Disbursements</i>	(84,938)	(522,243)	(188,747)	333,496
<i>Other Financing Sources (Uses)</i>				
Transfers-Out	(125,000)	(152,849)	(152,849)	-
<i>Total Other Financing Uses</i>	<u>(125,000)</u>	<u>(152,849)</u>	<u>(152,849)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(209,938)	(675,092)	(341,596)	333,496
<i>Unencumbered Fund Balances Beginning of Year</i>	<u>680,336</u>	<u>680,336</u>	<u>680,336</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>27,558</u>	<u>27,558</u>	<u>27,558</u>	<u>-</u>
<i>Unencumbered Fund Balances End of Year</i>	<u><u>\$ 497,956</u></u>	<u><u>\$ 32,802</u></u>	<u><u>\$ 366,298</u></u>	<u><u>\$ 333,496</u></u>

See notes to basic financial statements.

Village of New Lexington
Perry County

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual
Fire & EMS Levy Fund
For The Year Ended December 31, 2019*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property Taxes	\$ 65,200	\$ 69,298	\$ 69,299	\$ 1
Intergovernmental	12,100	9,665	9,724	59
Charges for Services	501,000	507,120	543,710	36,590
Fines, Licenses and Permits	3,800	3,800	3,850	50
Miscellaneous	3,800	5,300	7,551	2,251
<i>Total Receipts</i>	<u>585,900</u>	<u>595,183</u>	<u>634,134</u>	<u>38,951</u>
Disbursements				
Current:				
Security of Persons and Property	496,362	506,012	465,189	40,823
Capital Outlay	-	86,984	86,984	-
Debt Service				
Principal Retirement	106,000	91,282	88,513	2,769
Interest and Fiscal Charges	38,100	37,818	29,724	8,094
<i>Total Disbursements</i>	<u>640,462</u>	<u>722,096</u>	<u>670,410</u>	<u>8,094</u>
<i>Excess Of Receipts Over (Under) Disbursements</i>	(54,562)	(126,913)	(36,276)	90,637
<i>Other Financing Sources (Uses)</i>				
Sale of Capital Assets	-	-	-	-
Other Debt Proceeds	-	86,984	86,984	-
<i>Total Other Financing Uses</i>	<u>-</u>	<u>86,984</u>	<u>86,984</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(54,562)	(39,929)	50,708	90,637
<i>Unencumbered Fund Balances Beginning of Year</i>	<u>(78,785)</u>	<u>(78,785)</u>	<u>(78,785)</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>19,983</u>	<u>19,983</u>	<u>19,983</u>	<u>-</u>
<i>Unencumbered Fund Balances End of Year</i>	<u>\$ (113,364)</u>	<u>\$ (98,731)</u>	<u>\$ (8,094)</u>	<u>\$ 90,637</u>

See notes to basic financial statements.

Village of New Lexington
Perry County

Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2019

	Water Operating	Sewer Operating	Other Enterprise Funds	Total Enterprise Funds
ASSETS:				
Equity in Pooled Cash and Cash Equivalents	\$ 1,810,914	\$ 292,251	\$ 28,939	\$ 2,132,104
<i>Total Assets</i>	<u>\$ 1,810,914</u>	<u>\$ 292,251</u>	<u>\$ 28,939</u>	<u>\$ 2,132,104</u>
Net Position:				
Unrestricted	1,810,914	292,251	28,939	2,132,104
<i>Total Net Position</i>	<u>\$ 1,810,914</u>	<u>\$ 292,251</u>	<u>\$ 28,939</u>	<u>\$ 2,132,104</u>

See notes to basic financial statements.

Village of New Lexington
Perry County

Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis
Proprietary Funds
For The Year Ended December 31, 2019

	Water Operating	Sewer Operating	Other Enterprise Funds	Enterprise Total
Operating Receipts:				
Charges for Services	\$ 1,069,434	\$ 839,674	\$ 150	\$ 1,909,258
Miscellaneous	-	-	-	-
<i>Total Operating Receipts</i>	<u>1,069,434</u>	<u>839,674</u>	<u>150</u>	<u>1,909,258</u>
Operating Disbursements:				
Personal Services	225,527	227,299	-	452,826
Employee Fringe Benefits	101,025	97,231	-	198,256
Contractual Services	241,552	273,697	-	515,249
Supplies and Materials	215,808	40,134	-	255,942
Other	13,941	-	6,657	20,598
<i>Total Operating Disbursements</i>	<u>797,853</u>	<u>638,361</u>	<u>6,657</u>	<u>1,442,871</u>
<i>Operating Income (Loss)</i>	271,581	201,313	(6,507)	466,387
Non-Operating Receipts (Disbursements)				
Intergovernmental	-	163,436	-	163,436
Loan Proceeds	-	1,091,564	-	1,091,564
Miscellaneous	5,100	28,741	-	33,841
Capital Outlay	(100,677)	(1,315,244)	-	(1,415,921)
Debt Service:		-		
Principal	(117,665)	(178,886)	-	(296,551)
Interest	(30,640)	(65,921)	-	(96,561)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(243,882)</u>	<u>(276,310)</u>	<u>-</u>	<u>(520,192)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	27,699	(74,997)	(6,507)	(53,805)
<i>Transfers -In</i>	439,650	295,000	-	734,650
<i>Transfers-Out</i>	(439,650)	(295,000)	-	(734,650)
<i>Change in Net Position</i>	27,699	(74,997)	(6,507)	(53,805)
<i>Net Position Beginning of Year, restated</i>	<u>1,783,215</u>	<u>367,248</u>	<u>35,446</u>	<u>2,185,909</u>
<i>Net Position End of Year</i>	<u>\$ 1,810,914</u>	<u>\$ 292,251</u>	<u>\$ 28,939</u>	<u>\$ 2,132,104</u>

See notes to basic financial statements.

Village of New Lexington
Perry County

Statement of Fund Net Position - Cash Basis
Agency Funds
December 31, 2019

	Agency Fund
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	\$ 9,605
<i>Total Assets</i>	<u>\$ 9,605</u>
Net Position:	
Held on Behalf of Fire Damage Escrow	<u>9,605</u>
<i>Total Net Position</i>	<u>\$ 9,605</u>

See notes to basic financial statements.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The Village of New Lexington, Perry County, (the Village) is a home rule municipal corporation established to exercise the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The Village operates under its own Charter, a home-rule municipality as defined by Title 7 of the Ohio Revised Code. The Village operates under a Council-Mayor form of government. The Mayor and seven council members are elected by separate ballot from the municipality at large for four year terms. President of Council is elected by a majority vote of Council from among its membership for a term of one year. The Mayor may not veto any legislation passed by Council. In addition to establishing Village policies, Council is responsible for passing ordinances, adopting the budget, and appointing boards and commissions. The Mayor is responsible for carrying out the policies and ordinances of Council, for overseeing the day-to-day operations of the Village and for appointing the heads of the various Village departments. An appointed finance director is responsible for the fiscal control of the financial resources of the Village.

The reporting entity is comprised of the primary government 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 Lexington provides the following services to its citizens: police, fire and EMS protection, parks and recreation, building inspection, street maintenance and repairs, and water and sewer services. Council has direct responsibility for these services.

Jointly Governed Organizations

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

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in “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

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements

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

Proprietary fund statements distinguish operating transactions from non-operating 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 non-operating.

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 two categories: governmental and proprietary.

Governmental Funds

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

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

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

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

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Proprietary Funds

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

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

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

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

Fiduciary Funds – Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust fund and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations, or other governments and are not available to support the Village's own programs. The Village does not have any trust funds. Agency funds are custodial in nature and are used to account for assets held by the Village for individuals, other governments, or other organizations. The Village's agency funds account for fire damage funds held in escrow.

Basis of Accounting

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

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

Budgetary Process

All funds, except 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 the Village Council may appropriate. The appropriations ordinance is the Village Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established by the Village Council at the fund, 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 Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Village Council.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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

Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as “Equity in Pooled Cash and 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 2019, the Village invested in certificates of deposit which are reported at cost. Interest earnings are allocated to Village funds according to State statutes and codified ordinances of the Village, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2019 were \$7,346.

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. Unclaimed monies that are required to be held for five years before they may be utilized by the Village are reported as restricted. The Village did not have any restricted assets during 2019.

Inventory and Prepaid Items

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

Capital Assets

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

Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities 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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Employer Contributions to Cost-Sharing Pension Plans

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

Long-Term Obligations

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

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources for street repairs, fire and EMS services and park operations. The Village's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

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:

Non-spendable The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. At December 31, 2019, the Village did not report any fund balance as non-spendable.

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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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

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 non-operating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements. The Village did not report any transfers during 2017.

Note 3 – Accountability and Compliance

Negative Cash Fund Balances

The Village had a negative fund balance in the Fire and EMS Levy Fund at December 31, 2019, which is contrary to Ohio Revised Code Section 5705.10 (I).

Appropriations Exceeding Estimated Resources

The Village had appropriations in excess of estimated resources in the Fire and EMS Levy Fund in 2019, which is contrary to Ohio Revised Code Section 5705.39.

Expenditures Exceeding Actual Resources

The Village had appropriations in excess of actual resources in the Fire and EMS Levy Fund in 2019, which is contrary to Ohio Revised Code Sections 5705.36 (A)(4).

Note 4 – 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 – Budgetary Basis presented for the General Fund and Fire and EMS Levy Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are outstanding year end encumbrances which are treated as disbursements

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

(budgetary basis) rather than as restricted, committed or assigned fund balances (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to:

General Fund	\$11,015
Fire and EMS Fund	2,101

Note 5 – Deposits and Investments

Monies held by the Village are classified by State statute 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:

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, the 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 bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty 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

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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. 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.

The Village did not have any undeposited cash on hand.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the Village's bank balance of \$2,875,377 was either insured by the Federal Deposit Insurance Corporation or collateralized by pledged securities of its banking institution as described below.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the Village and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times be at least 105 percent of the deposits being secured; or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

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

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end, the Village's certificate of deposit balance of \$76,405, with a maturity of July 14, 2020, was insured by the Federal Deposit Insurance Corporation.

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

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

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

Reconciliation of Cash and Investments

The Village’s equity in pooled cash and investments of \$2,701,031 at December 31, 2019 is comprised of the carrying amount of the Village’s deposits and investments (certificate of deposit) of \$2,624,626 and \$76,405, respectively.

Note 6 – Income Taxes

The Village levies a 1% income tax on substantially all income earned in the Village. In addition, Village residents employed in other municipalities withholding income tax do not receive a reciprocity credit. 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 reconciliation. Income tax receipts are to be used to pay the cost of administering the tax, General Fund operations, capital improvements, debt service and other governmental functions when needed, as determined by Council. In 2019, the receipts were allocated to the General Fund in the amount of \$1,044,651.

Note 7 – Property Taxes

Property taxes include amounts levied against all real, public utility and tangible personal property located in the Village. Property tax revenue received during 2019 for real and public utility property taxes represents collections of 2018 taxes.

2019 real property taxes are levied after October 1, 2019, on assessed value as of January 1, 2019, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2020.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2019 public utility property taxes which became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2019 was \$5.70 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2019 property tax receipts were based was \$54,661,850. This amount consisted of \$50,408,070 and \$4,253,780 of real property assessed value and public utility property assessed value, respectively.

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

Note 8 – Risk Management

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

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

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Risk Pool Membership

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

- General liability and casualty
- Public Official’s liability
- Cyber
- Law Enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2019.

	2019
Cash and Investments	\$38,432,610
Actuarial Liabilities	\$14,705,917

Note 9 – Defined Benefit Pension Plans

Plan Description - Ohio Public Employees Retirement System

Village employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS 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. 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.

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 in 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 OPERS, 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 per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

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*Notes to the Basic Financial Statements
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Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	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 and Service Requirements:	Age and Service Requirements:
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	Formula:	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	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	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	Combined Plan Formula	Combined Plan Formula
1% of FQAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	1% of FQAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	1% of FQAS 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 and Service Requirements:	Age and Service Requirements:
Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	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 and Service Requirements:	Age and Service Requirements:
Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	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
Formula:	Formula:	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	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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.

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. 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 of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be 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 contributions 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.

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For the Year Ended December 31, 2019

The amount available for defined contribution benefits in the member-directed plan consists of the member's contributions, vested employer contributions and investment gains or losses resulting from the member's 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 purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), 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.

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

	State and Local		Public Safety		Law Enforcement	
2019 Statutory Maximum Contribution Rates						
Employer	14.0	%	18.1	%	18.1	%
Employee ***	10.0	%	*		**	
2019 Actual Contribution Rates						
Employer:						
Pension	14.0	%	18.1	%	18.1	%
Post-employment Health Care Benefits ****	0.0		0.0		0.0	
Total Employer	14.0	%	18.1	%	18.1	%
Employee	10.0	%	12.0	%	13.0	%
* This rate is determined by OPERS' Board and has no maximum rate established by ORC.						
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.						
*** Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.						
**** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4 percent.						

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

The Village's contractually required contribution was \$129,133 for year 2019.

Plan Description - Ohio Police and Fire Pension Fund

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.

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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.

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 CAFR 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.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

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

	Police		Firefighters	
2019 Statutory Maximum Contribution Rates				
Employer	19.50	%	24.00	%
Employee:				
January 1, 2019 through December 31, 2019	12.25	%	12.25	%
2019 Actual Contribution Rates				
Employer:				
Pension	19.00	%	23.50	%
Post-employment Health Care Benefits	0.50		0.50	
Total Employer	19.50	%	24.00	%
Employee:				
January 1, 2019 through December 31, 2019	12.25	%	12.25	%

Employer contribution rates are expressed as a percentage of covered payroll. The Village's contractually required contribution to OPF was \$47,903 for 2019.

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For the Year Ended December 31, 2019

Social Security

Several Village employees 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, 2019.

Note 10 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional 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-e post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional pension and the Combined Plans. This 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 refund, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for post-employment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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 financial report. Interest parties may obtain a copy by visiting <http://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.

Funding Policy

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, 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.

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Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate will be set aside to fund health care plans. For 2019, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and 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 2019 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$5,165 for 2019.

Ohio Police and Fire Pension Fund

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board GASB Statement No. 75.

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 OPF 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.

OP&F maintains funds for health care in two separate accounts. There is 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. An Internal Revenue Code 401 (h) account is maintained for Medicare Part B reimbursements.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2019, the portion of employer contributions allocated to health care was 0.5% 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 and is limited by the provisions of Sections 115 and 401(h).

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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.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in Individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

The Village's contractually required contribution to OP&F was \$2,395 for 2019.

Note 11 – Debt

The changes in the Village's notes payable during 2019 were as follows:

	Interest Rate	Balance January 1, 2019	Issued	Retired	Balance December 31, 2019	Due Within One Year
<i>Governmental Activities</i>						
Municipal Building Refinance	4.0%	1,325,652	0	(90,965)	1,234,687	93,262
Fire Equipment Loan	6.0%	0	86,984	(5,230)	81,754	15,519
Medic Squad Note	2.90%	160,461	0	(26,342)	134,119	29,937
Total Governmental Activities		\$1,486,113	\$86,984	(\$122,537)	\$1,450,560	\$138,718
<i>Business-Type Activities</i>						
Sanitary Sewer System Revenue Bonds	4.5%	739,000	0	(23,000)	716,000	25,000
Ohio Water Development Authority Loans	1.5%-2.0%	4,268,581	1,091,564	(207,685)	5,152,460	134,742
Ohio Public Works Commission Loans	0.0%-2.0%	419,731	0	(65,866)	353,865	25,612
Total Business-Type Activities		\$5,427,312	\$ 1,091,564	(\$296,551)	\$6,222,325	\$185,354

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

General obligation notes are direct obligations of the Village for which its full faith, credit and resources are pledged and payable from taxes levied on all property in the Village.

The Ohio Water Development Authority (OWDA) Loans are payable from the user charges assessed for water and sewer services. These loans were used to make water and sewer system improvements.

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

Village of New Lexington
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In 2018, the Village purchased a Medic Squad for \$183,901. The note is payable to Peoples National Bank with monthly installment which include interest at 2.90%. The Medic Squad is collateral for the loan. In 2019, the Village entered into a loan to purchase fire equipment. It is payable monthly with an interest rate of 6.00%.

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

The following is a summary of the Village's future annual debt service requirements at December 31, 2019 for governmental activities:

Year	Municipal Building Refinance		Medic Squad Loan		Fire Equipment Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$93,262	\$47,585	\$29,937	\$3,492	\$15,519	\$4,657
2021	97,198	43,647	30,815	2,616	16,654	3,521
2022	101,158	39,686	31,720	1,711	17,681	2,493
2023	107,023	35,649	32,652	778	18,772	1,403
2024	111,294	31,380	8,995	48	13,128	297
2025-2029	619,131	86,777	0	0	0	0
2030-2034	105,621	1,388	0	0	0	0
Total	\$1,234,687	\$286,114	\$134,119	\$8,645	\$81,754	\$12,371

The following is a summary of the Village's future annual debt service requirements at December 31, 2019 for business-type activities:

Year	Sanitary Sewer Bonds		OWDA Loans		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$25,000	\$32,220	\$134,742	\$39,753	\$25,612	\$1,084
2021	26,000	31,095	137,069	37,426	25,896	800
2022	27,000	29,925	139,344	35,149	26,183	511
2023	28,000	28,710	141,662	32,832	18,669	254
2024	29,000	27,450	144,018	30,479	18,813	110
2025-2029	168,000	116,190	655,437	120,078	57,460	0
2030-2034	209,000	74,655	556,439	68,929	57,460	0
2035-2039	204,000	23,535	381,570	27,510	57,460	0
2040-2044			128,173	7,828	47,329	0
2045-2049			34,294	540	18,983	0
Total	\$716,000	\$363,780	\$2,452,748	\$400,524	\$353,865	\$2,759

Village of New Lexington
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For the Year Ended December 31, 2019

Note 12 – Contingent Liabilities

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

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

Note 13 – Jointly Governed Organization

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

Note 14 – 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	Fire & EMS Levy	Other Governmental Funds	Total
Restricted for				
Road Improvements			\$130,034	\$130,034
Police Operations			42,617	42,617
Police Training			7,212	7,212
Drug & Alcohol Education & Enforcement			10,487	10,487
Cemetery			1,811	1,811
Community Development			9,605	9,605
Fire Equipment Grant			179	179
Leisure Time Activities			8,141	8,141
<i>Total Restricted</i>	<u>\$0</u>	<u>\$0</u>	<u>210,086</u>	<u>210,086</u>
<i>Total Assigned</i>	<u>11,015</u>	<u>0</u>	<u>0</u>	<u>11,015</u>
Unassigned (deficits):	<u>366,298</u>	<u>(28,077)</u>		<u>338,221</u>
<i>Total Fund Balances</i>	<u><u>\$377,313</u></u>	<u><u>(\$28,077)</u></u>	<u><u>\$210,086</u></u>	<u><u>\$559,322</u></u>

Village of New Lexington
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For the Year Ended December 31, 2019

Note 15 – Financial Condition

As of December 31, 2019, the Village had a deficit cash-basis fund balance of \$28,077 in its Fire and EMS Levy Fund. The Village’s management is implementing a combination of cost-cutting and receipt-enhancing changes and other changes (as is determined necessary by Village Council) to address this deficit and negative Fire and EMS Fund cash balance.

Note 16 – Transfers and Advances

During 2019 the Water Fund and Sewer Fund transferred \$439,650 and \$295,000, respectively to the Water and Sewer Bond Funds per ordinance to pay for debt. In the report the Water and Sewer Debt Service Funds are combined with the Water and Sewer Operating Funds. Also in 2019, the General Fund transferred a total of \$152,849 which consisted of \$150,510 to the Street Fund and \$2,339 to the Park Fund to help with operations. Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 17 – Restatement of Fund Balance

Fund balance in the Other Governmental Funds, Water Fund and Sewer Fund have been restated for the year beginning January 1, 2019 as voided checks were added back. This also restated the beginning balance on the Statement of Activities.

	Other Governmental Funds	Water	Sewer
December 31, 2018	\$ 185,426	\$ 1,783,195	\$ 367,228
Adjustments	63	20	20
January 1, 2019	\$ 185,489	\$ 1,783,215	\$ 367,248

Note 18 – Subsequent Events

The United State and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

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

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

To the Village Council:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of New Lexington, Perry County as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated March 13, 2020, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village of New Lexington's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. 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 and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be material weaknesses. We consider Findings 2019-001 and 2019-003 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of New Lexington's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed two instances of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2019-001 and 2019-002.

Entity's Response to Finding

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
March 13, 2020

**VILLAGE OF NEW LEXINGTON
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019**

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

FINDING NUMBER 2019-001

Noncompliance and Material Weakness

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

At December 31, 2019, the Fire & EMS Levy Fund had a negative fund balance of \$28,077.

We recommend available fund cash balances be reviewed regularly to evaluate the reasoning behind a negative cash balance and determine how to correct the situation when necessary. The Village's management should ensure that money from one fund is not used to cover the expenses of another fund.

Client Response: We agree with the finding and are working to reduce and eliminate the negative balances.

FINDING NUMBER 2019-002

Noncompliance

Ohio Revised Code Section 5705.39 states that total appropriations from each fund shall not exceed the total of estimated resources. Ohio Revised Code Section 5705.36(A)(4) state that if the revenue to be collected is less than the estimated resources of the official certificate, then the Village shall obtain an amended certificate reflecting this deficiency.

Based on tests performed, we noted the Fire & EMS Levy Fund had appropriations exceeding estimated resources by \$99,185. Appropriations also exceeded actual resources in 2019.

Failure to monitor estimated resources and appropriations could result in the Village committing funds to be spent which are not available to spend.

We recommend the Village compare estimated resources to appropriations in all funds that are legally required to be budgeted, at the legal level of control, prior to making expenditure commitments, and make all necessary adjustments to ensure compliance with the above requirements.

Client Response: The Village will make every effort to monitor appropriations and estimated resources.

**VILLAGE OF NEW LEXINGTON
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019**

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

FINDING NUMBER 2019-003

Material Weakness

All public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transaction, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

As a result of audit procedures, errors were noted that required reclassification and adjustments to the financial statement as follows:

- A reclassification was made from Intergovernmental Receipts to Loan Proceeds in the amount of \$1,091,564 for OWDA payments made in conjunction with the Wastewater Treatment Plant Improvements.
- An adjustment was made to record the Loan Proceeds and Capital Outlay in the amount of \$86,984 for the purchase of the Fire Equipment in the Fire & EMS Fund.
- Miscellaneous immaterial reclassifications were made to properly show debt payments and interest.

Client Response: The Village will make every effort to monitor and post properly all transactions.

**VILLAGE OF NEW LEXINGTON
PERRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2019**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2018-001	Noncompliance and Material Weakness Negative Fund Balances for Fire & EMS Levy Fund	No	Not Corrected Reported as Finding 2019-001
2018-002	Noncompliance 5705.39, appropriations exceeding available resources	No	Not Corrected Reported as Finding 2019-002
2019-003	Material Weakness Reclassification and adjustments	No	Not Corrected Reported as Finding 2019-003

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF NEW LEXINGTON

PERRY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/4/2020

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

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