

VILLAGE OF LEXINGTON

RICHLAND COUNTY, OHIO

REGULAR AUDIT

**FOR THE YEARS ENDED
DECEMBER 31, 2024 & 2023**



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Village Council
Village of Lexington
44 West Main Street
Lexington, Ohio 44904

We have reviewed the *Independent Auditor's Report* of the Village of Lexington, Richland County, prepared by Julian & Grube, Inc., for the audit period January 1, 2023 through December 31, 2024. 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 Lexington is responsible for compliance with these laws and regulations.

KEITH FABER
Ohio Auditor of State

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

January 30, 2026

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**VILLAGE OF LEXINGTON
RICHLAND COUNTY, OHIO**

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Independent Auditor's Report

Village of Lexington
Richland County
44 West Main Street
Lexington, Ohio 44904

To the Members of the Village Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Village of Lexington, Richland County, Ohio, which comprises the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total of the Village of Lexington, as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), as described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Lexington, as of December 31, 2024 and 2023, or changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

Village of Lexington
Richland County
Independent Auditor's Report

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2025 on our consideration of the Village of Lexington's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Lexington's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Lexington's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
September 19, 2025

**VILLAGE OF LEXINGTON
RICHLAND COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2024

	General	Special Revenue	Combined Total
Cash receipts:			
Property and other local taxes	\$ 428,801	\$ 442,308	\$ 871,109
Municipal income taxes	3,040,518	-	3,040,518
Intergovernmental	132,600	443,991	576,591
Charges for services	186	11,600	11,786
Fines, licenses and permits	29,301	10,320	39,621
Earnings on investments	119,117	63	119,180
Contributions and donations	105,100	13,144	118,244
Miscellaneous	239,718	43,581	283,299
Total cash receipts	<u>4,095,341</u>	<u>965,007</u>	<u>5,060,348</u>
Cash disbursements:			
Current:			
Security of persons and property	1,916,030	171,732	2,087,762
Public health services	8,203	-	8,203
Leisure time activities	453,400	164,378	617,778
Community environment	66,633	105,491	172,124
Basic utility services	60,125	-	60,125
Transportation	-	547,968	547,968
General government	1,097,902	-	1,097,902
Capital outlay	-	292,548	292,548
Total cash disbursements	<u>3,602,293</u>	<u>1,282,117</u>	<u>4,884,410</u>
Excess (deficiency) of receipts over (under) disbursements	<u>493,048</u>	<u>(317,110)</u>	<u>175,938</u>
Other financing receipts (disbursements):			
Sale of capital assets	-	150,000	150,000
Transfers in	-	368,000	368,000
Transfers (out)	<u>(368,000)</u>	<u>-</u>	<u>(368,000)</u>
Total other financing receipts (disbursements)	<u>(368,000)</u>	<u>518,000</u>	<u>150,000</u>
Net change in fund cash balances	125,048	200,890	325,938
Fund cash balances, January 1	<u>3,775,556</u>	<u>572,097</u>	<u>4,347,653</u>
Fund cash balances, December 31	<u><u>\$ 3,900,604</u></u>	<u><u>\$ 772,987</u></u>	<u><u>\$ 4,673,591</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF LEXINGTON
RICHLAND COUNTY, OHIO**

COMBINED STATEMENT OF RECIEPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2024

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 1,583,024
Miscellaneous	17,227
Total operating cash receipts	<u>1,600,251</u>
Operating cash disbursements:	
Personal services	367,729
Employee fringe benefits	165,341
Contractual services	475,322
Supplies and materials	77,511
Other	8,374
Total operating cash disbursements	<u>1,094,277</u>
Operating income	<u>505,974</u>
Non-operating cash receipts (disbursements):	
Principal retirement	(212,109)
Interest and fiscal charges	(185,325)
Capital outlay	(428,937)
Loan proceeds	252,652
Sale of capital assets	9,561
Total non-operating cash receipts (disbursements)	<u>(564,158)</u>
Net change in fund cash balances	(58,184)
Fund cash balances, January 1	<u>806,817</u>
Fund cash balances, December 31	<u><u>\$ 748,633</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF LEXINGTON
RICHLAND COUNTY, OHIO**

COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2024

	Fiduciary Fund Type
	Custodial
Additions:	
Mayors Court receipts	\$ 37,256
Other amounts collected for distribution	3,840
Total additions	<u>41,096</u>
Deductions:	
Distributions to other governments	9,115
Distributions to other funds (Primary Government)	28,141
Other distributions	3,740
Total deductions	<u>40,996</u>
Net change in fund cash balances	100
Fund cash balances, January 1	<u>486</u>
Fund cash balances, December 31	<u><u>\$ 586</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF LEXINGTON
RICHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 1 - DESCRIPTION OF THE ENTITY

The Village of Lexington, Richland County, Ohio, and (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village contracts with Troy Township to provide fire protection services.

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

A. Basis of Presentation

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

B. Fund Accounting

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

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

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

Street Maintenance Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

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

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

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

Fiduciary Funds - Fiduciary funds include custodial funds.

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

**VILLAGE OF LEXINGTON
RICHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

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

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

A summary of 2024 budgetary activity appears in Note 3. Management has included adjustments in the accompanying budgetary presentations for material items that should have been budgeted and included as cash receipts and disbursements.

E. Deposits and Investments

The Village has no investments.

F. Capital Assets

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

**VILLAGE OF LEXINGTON
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. Accumulated Leave

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

H. Leases and Subscription Based Information Technology Arrangements

Accruals related to leases (as defined by GASB 87) and Subscription Based Information Technology Arrangement (SBITA) contracts (as defined by GASB 96) are not reflected under the Village's regulatory cash basis of accounting. Lease receipts/disbursements and SBITA disbursements are recognized when they are received/paid.

I. Fund Balance

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

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

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

**VILLAGE OF LEXINGTON
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 3 - BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2024 follows:

2024 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance with Budget over (under) Actual
General	\$3,947,050	\$4,095,341	\$148,291
Special Revenue	1,127,507	1,483,007	355,500
Enterprise	1,732,565	1,862,464	129,899
Total	<u>\$6,807,122</u>	<u>\$7,440,812</u>	<u>\$633,690</u>

2024 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance with Budget over (under) Actual
General	\$4,710,366	\$4,351,706	(\$358,660)
Special Revenue	1,712,709	1,509,876	(202,833)
Enterprise	2,119,421	2,006,965	(112,456)
Total	<u>\$8,542,496</u>	<u>\$7,868,547</u>	<u>(\$673,949)</u>

NOTE 4 - DEPOSITS

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2024
Demand deposits	\$5,396,650
Non-Negotiable Certificates of deposit	26,160
Total deposits	<u>\$ 5,422,810</u>

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

NOTE 5 - TAXES

Property Taxes

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

**VILLAGE OF LEXINGTON
RICHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 5 - TAXES - (Continued)

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

Income Taxes

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

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

NOTE 6 - RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

NOTE 7 - DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

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

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

Ohio Police & Fire Pension Fund

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police members' wages. The Village has paid all contributions required through December 31, 2024.

**VILLAGE OF LEXINGTON
RICHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 8 - POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2024, the portion of OPERS employer contributions allocated to health care was 0.00% for members in the traditional pension plan and 2.00% for members in the combined plan. For 2024, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.00%; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.50% to fund these benefits.

NOTE 9 - DEBT

Debt outstanding at December 31, 2024 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC CP12L Wastewater Treatment Improvements	\$30,000	0.00%
OPWC CP23I Water Main Replacement	9,287	0.00%
OPWC CP20J Water Treatment Plant Upgrade	72,482	0.00%
OPWC CP28J Water Treatment Plant Upgrade	200,047	0.00%
OPWC CP31S Water Tank Painting	69,741	0.00%
Ohio Water Development Authority Loan 4931	3,017,580	4.65%
Ohio Water Development Authority Loan 10087	1,540,507	3.88%
Total	<u>\$ 4,939,644</u>	

The Ohio Public Works Commission (OPWC) (Wastewater Treatment Improvements) Loan number CP12L was entered into in 2010 to finance improvements to the wastewater treatment plant. This loan will be repaid in semi-annual installments of \$2,500, with no interest through July 2030. The loan is collateralized by the Village's taxing authority. The payments are made from the Sewer Fund (Enterprise Fund Type).

The OPWC (Water Main Replacement) Loan number CP23I was entered into in 2008 to finance the replacement of water lines. This loan will be repaid in semi-annual installments of \$1,327, with no interest through January 2028. The loan is collateralized by the Village's taxing authority. The payments are made from the Water Fund (Enterprise Fund Type).

The OPWC (Water Tank Painting) Loan number CP31S was entered into in 2017 to finance the replacement of water tank painting. This loan will be repaid in semi-annual installments of \$13,948, with no interest through July 2027. The loan is collateralized by the Village's taxing authority. The payments are made from the Water Fund (Enterprise Fund Type).

The OPWC (Water Treatment Plant Upgrade) Loan was entered into in 2010 to finance the upgrade of water lines. This loan is broken out between two project numbers. The first project number CP20J will be repaid in semi-annual installments of \$6,589, with no interest through January 2030, while the second project number CP28J will be repaid in semi-annual installments of \$6,453, with no interest through January 2040. The loan is collateralized by the Village's taxing authority. The payments are made from the Water Fund (Enterprise Fund Type).

The Ohio Water Development Authority (OWDA) Loan number 4931 was entered into in 2010 to finance water and sewer plant expansion. This loan will be repaid in semi-annual installments, with an interest rate of 4.65% through January 2040. The loan is collateralized by the Village's taxing authority. The payments are made from the Sewer Fund (Enterprise Fund Type). During 2024, a late fee was accrued and paid of \$2,510 and recorded as interest.

**VILLAGE OF LEXINGTON
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - DEBT - (Continued)

The Ohio Water Development Authority (OWDA) Loan number 10087 was entered into in 2023 to finance water meter replacements. This loan will be repaid in semi-annual installments, with an interest rate of 3.88% through July 2054. The loan is collateralized by the Village's taxing authority. The payments are made from the Water and Sewer Funds (Enterprise Fund Type). During 2024, principal and interest payments were \$13,915 and \$57,998, respectively.

Amortization

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

Year ending December 31:	OPWC CP12L (Wastewater Treatment Plan)	OPWC CP20J (Water Treatment Plant Upgrade)	OPWC CP23I (Water Main Replacement)	OPWC CP28J (Water Treatment Plant Upgrade)	OPWC CP31S (Water Tank Painting)	OWDA 4931	OWDA 10087
2025	\$ 5,000	\$ 13,179	\$ 2,653	\$ 12,906	\$ 27,896	\$ 262,275	\$ 88,141
2026	5,000	13,178	2,654	12,906	27,897	263,216	88,141
2027	5,000	13,179	2,653	12,907	13,948	264,200	88,140
2028	5,000	13,178	1,327	12,906	-	265,231	88,141
2029	5,000	13,179	-	12,906	-	266,309	88,141
2030-2034	5,000	6,589	-	64,532	-	1,349,601	440,703
2035-2039	-	-	-	64,531	-	1,385,301	440,701
2040-2044	-	-	-	6,453	-	-	440,703
2045-2049	-	-	-	-	-	-	440,704
2050-2054	-	-	-	-	-	-	396,632
Total	<u>\$ 30,000</u>	<u>\$ 72,482</u>	<u>\$ 9,287</u>	<u>\$ 200,047</u>	<u>\$ 69,741</u>	<u>\$ 4,056,133</u>	<u>\$ 2,600,147</u>

NOTE 10 - FUND BALANCES

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

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 381,413	\$ 227,759	\$ 609,172
Total	<u>\$ 381,413</u>	<u>\$ 227,759</u>	<u>\$ 609,172</u>

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

NOTE 11 – CONTINGENT LIABILITIES

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

**VILLAGE OF LEXINGTON
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended December 31, 2024, consisted of the following, as reported in the fund financial statements:

<u>Transfer from:</u>	<u>Transfer to:</u>	<u>Amount</u>
General Fund	Special Revenue Funds	\$ 368,000

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**VILLAGE OF LEXINGTON
RICHLAND COUNTY, OHIO**

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

	General	Special Revenue	Combined Total
Cash receipts:			
Property and other local taxes	\$ 294,906	\$ 389,485	\$ 684,391
Municipal income taxes	2,961,556	-	2,961,556
Intergovernmental	123,875	435,444	559,319
Charges for services	139	12,320	12,459
Fines, licenses and permits	32,997	415	33,412
Earnings on investments	36,290	50	36,340
Contributions and donations	987	46,014	47,001
Miscellaneous	132,279	77,525	209,804
Total cash receipts	<u>3,583,029</u>	<u>961,253</u>	<u>4,544,282</u>
Cash disbursements:			
Current:			
Security of persons and property	1,740,528	195,306	1,935,834
Public health services	14,002	-	14,002
Leisure time activities	300,614	145,870	446,484
Community environment	25,816	97,787	123,603
Basic utility services	51,245	-	51,245
Transportation	-	506,731	506,731
General government	671,657	-	671,657
Capital outlay	-	605,192	605,192
Total cash disbursements	<u>2,803,862</u>	<u>1,550,886</u>	<u>4,354,748</u>
Excess (deficiency) of receipts over (under) disbursements	<u>779,167</u>	<u>(589,633)</u>	<u>189,534</u>
Other financing receipts (disbursements):			
Sale of capital assets	9,654	-	9,654
Transfers in	-	415,019	415,019
Transfers (out)	<u>(415,019)</u>	<u>-</u>	<u>(415,019)</u>
Total other financing receipts (disbursements)	<u>(405,365)</u>	<u>415,019</u>	<u>9,654</u>
Net change in fund cash balances	373,802	(174,614)	199,188
Fund cash balances, January 1	<u>3,401,754</u>	<u>746,711</u>	<u>4,148,465</u>
Fund cash balances, December 31	<u><u>\$ 3,775,556</u></u>	<u><u>\$ 572,097</u></u>	<u><u>\$ 4,347,653</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF LEXINGTON
RICHLAND COUNTY, OHIO**

COMBINED STATEMENT OF RECIEPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2023

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 1,474,267
Miscellaneous	33,909
Total operating cash receipts	1,508,176
Operating cash disbursements:	
Personal services	424,053
Employee fringe benefits	155,450
Contractual services	452,606
Supplies and materials	90,356
Other	9,796
Total operating cash disbursements	1,132,261
Operating income	375,915
Non-operating cash receipts (disbursements):	
Principal retirement	(192,062)
Interest and fiscal charges	(152,173)
Capital outlay	(1,304,748)
Loan proceeds	1,301,769
Total non-operating cash receipts (disbursements)	(347,214)
Net change in fund cash balances	28,701
Fund cash balances, January 1	778,116
Fund cash balances, December 31	\$ 806,817

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF LEXINGTON
RICHLAND COUNTY, OHIO**

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

	Fiduciary Fund Type
	Custodial
Additions:	
Mayors Court receipts	\$ 41,606
Other amounts collected for distribution	4,400
Total additions	<u>46,006</u>
Deductions:	
Distributions to other governments	9,379
Distributions to other funds (Primary Government)	32,227
Other distributions	3,600
Total deductions	<u>45,206</u>
Net change in fund cash balances	800
Fund cash balances (deficit), January 1	<u>(314)</u>
Fund cash balances, December 31	<u><u>\$ 486</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF LEXINGTON
RICHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 1 - DESCRIPTION OF THE ENTITY

The Village of Lexington, Richland County, Ohio, and (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village contracts with Troy Township to provide fire protection services.

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

A. Basis of Presentation

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

B. Fund Accounting

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

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

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

Street Maintenance Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Street Levy Fund - This fund receives property tax money for constructing, maintaining, and repairing Village streets.

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

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

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

**VILLAGE OF LEXINGTON
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fiduciary Funds - Fiduciary funds include custodial funds.

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

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

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

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

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

A summary of 2023 budgetary activity appears in Note 3. Management has included adjustments in the accompanying budgetary presentations for material items that should have been budgeted and included as cash receipts and disbursements.

E. Deposits and Investments

The Village has no investments.

F. Capital Assets

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

**VILLAGE OF LEXINGTON
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

H. Leases and Subscription Based Information Technology Arrangements

Accruals related to leases (as defined by GASB 87) and Subscription Based Information Technology Arrangement (SBITA) contracts (as defined by GASB 96) are not reflected under the Village's regulatory cash basis of accounting. Lease receipts/disbursements and SBITA disbursements are recognized when they are received/paid.

I. Fund Balance

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

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

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

**VILLAGE OF LEXINGTON
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 3 - BUDGETARY ACTIVITY

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

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,082,290	\$3,592,683	\$510,393
Special Revenue	1,450,283	1,376,272	(74,011)
Enterprise	2,638,191	2,809,945	171,754
Total	<u>\$7,170,764</u>	<u>\$7,778,900</u>	<u>\$608,136</u>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,838,182	\$3,519,245	\$318,937
Special Revenue	1,828,881	1,662,060	166,821
Enterprise	2,958,104	2,832,903	125,201
Total	<u>\$8,625,167</u>	<u>\$8,014,208</u>	<u>\$610,959</u>

NOTE 4 - DEPOSITS

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2023
Demand deposits	\$4,608,221
Non-Negotiable Certificates of deposit	546,735
Total deposits	<u>\$5,154,956</u>

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

NOTE 5 - TAXES

Property Taxes

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

**VILLAGE OF LEXINGTON
RICHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 5 - TAXES - (Continued)

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

Income Taxes

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

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

NOTE 6 - RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

NOTE 7 - DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police members' wages. The Village has paid all contributions required through December 31, 2023.

**VILLAGE OF LEXINGTON
RICHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 8 - POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0.00% for members in the traditional pension plan and 2.00% for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.00%; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.50% to fund these benefits.

NOTE 9 - DEBT

Debt outstanding at December 31, 2023 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC CP12L Wastewater Treatment Improvements	\$35,000	0.00%
OPWC CP23I Water Main Replacement	11,940	0.00%
OPWC CP20J Water Treatment Plant Upgrade	85,660	0.00%
OPWC CP28J Water Treatment Plant Upgrade	212,953	0.00%
OPWC CP31S Water Tank Painting	97,638	0.00%
Ohio Water Development Authority Loan 4931	3,154,142	4.65%
Ohio Water Development Authority Loan 10087	1,301,769	3.88%
Total	<u>\$4,899,102</u>	

The Ohio Public Works Commission (OPWC) (Wastewater Treatment Improvements) Loan number CP12L was entered into in 2010 to finance improvements to the wastewater treatment plant. This loan will be repaid in semi-annual installments of \$2,500, with no interest through July 2030. The loan is collateralized by the Village's taxing authority. The payments are made from the Sewer Fund (Enterprise Fund Type).

The OPWC (Water Main Replacement) Loan number CP23I was entered into in 2008 to finance the replacement of water lines. This loan will be repaid in semi-annual installments of \$1,327, with no interest through January 2028. The loan is collateralized by the Village's taxing authority. The payments are made from the Water Fund (Enterprise Fund Type).

The OPWC (Water Tank Painting) Loan number CP31S was entered into in 2017 to finance the replacement of water tank painting. This loan will be repaid in semi-annual installments of \$13,948, with no interest through July 2027. The loan is collateralized by the Village's taxing authority. The payments are made from the Water Fund (Enterprise Fund Type).

The OPWC (Water Treatment Plant Upgrade) Loan was entered into in 2010 to finance the upgrade of water lines. This loan is broken out between two project numbers. The first project number CP20J will be repaid in semi-annual installments of \$6,589, with no interest through January 2030, while the second project number CP28J will be repaid in semi-annual installments of \$6,453, with no interest through January 2040. The loan is collateralized by the Village's taxing authority. The payments are made from the Water Fund (Enterprise Fund Type).

The Ohio Water Development Authority (OWDA) Loan number 4931 was entered into in 2010 to finance water and sewer plant expansion. This loan will be repaid in semi-annual installments, with an interest rate of 4.65% through January 2040. The loan is collateralized by the Village's taxing authority. The payments are made from the Sewer Fund (Enterprise Fund Type).

**VILLAGE OF LEXINGTON
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9 - DEBT - (Continued)

The Ohio Water Development Authority (OWDA) Loan number 10087 was entered into in 2023 to finance water meter replacements. This loan will be repaid in semi-annual installments, with an interest rate of 3.88% through July 2054. The loan is collateralized by the Village's taxing authority. This project was not completed as of December 31, 2023 and the amortization schedule is currently not available, therefore, the loan amortization is not included in the schedule below. The total amount outstanding at December 31, 2023 was \$1,301,769. During 2023, the Village made interest payments of \$22,079.

Amortization

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

Year ending December 31:	OPWC CP12L (Wastewater Treatment Plan)	OPWC CP20J (Water Treatment Plant Upgrade)	OPWC CP23I (Water Main Replacement)	OPWC CP28J (Water Treatment Plant Upgrade)	OPWC CP31S (Water Tank Painting)	OWDA 4931
2024	\$5,000	\$13,178	\$2,654	\$12,906	\$27,896	\$261,377
2025	5,000	13,178	2,654	12,906	27,896	262,275
2026	5,000	13,178	2,654	12,906	27,896	263,216
2027	5,000	13,178	2,654	12,906	13,950	264,200
2028	5,000	13,178	1,324	12,906	-	265,231
2029-2033	10,000	19,770	-	64,530	-	1,343,392
2034-2038	-	-	-	64,530	-	1,377,490
2039-2040	-	-	-	19,363	-	280,329
Total	<u>\$35,000</u>	<u>\$85,660</u>	<u>\$11,940</u>	<u>\$212,953</u>	<u>\$97,638</u>	<u>\$4,317,510</u>

NOTE 10 - FUND BALANCES

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

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	<u>\$300,364</u>	<u>\$111,174</u>	<u>\$411,538</u>
Total	<u>\$300,364</u>	<u>\$111,174</u>	<u>\$411,538</u>

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

NOTE 11 – CONTINGENT LIABILITIES

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

NOTE 12 – CONSTRUCTION AND CONTRACTUAL COMMITMENTS

The Village is party to an ongoing Water Meter Replacement project with OWDA.

**VILLAGE OF LEXINGTON
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended December 31, 2023, consisted of the following, as reported in the fund financial statements:

<u>Transfer from:</u>	<u>Transfer to:</u>	<u>Amount</u>
General Fund	Special Revenue Funds	\$ 415,019

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

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

Village of Lexington
Richland County
44 West Main Street
Lexington, Ohio 44904

To the Members of the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2024 and 2023 and the related notes to the financial statements of the Village of Lexington, Richland County, Ohio, and have issued our report thereon dated September 19, 2025, wherein we noted the Village of Lexington followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Village of Lexington

Richland County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.

September 19, 2025

**VILLAGE OF LEXINGTON
RICHLAND COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2024 AND 2023**

<u>Finding Number</u>	<u>Year Initially Occurred</u>	<u>Finding Summary</u>	<u>Status</u>	<u>Additional Information</u>
2022-001	2018	<u>Material Weakness – Financial Statement Presentation</u> – Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Numerous adjustments were made to the financial statements and related notes.	Corrective Action Taken and Finding is Fully Corrected	N/A

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF LEXINGTON

RICHLAND 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 2/12/2026

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

This report is a matter of public record and is available online at
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