

**VILLAGE OF NEW LEXINGTON  
PERRY COUNTY**

**AUDIT REPORT**

**JANUARY 1, 2018 – DECEMBER 31, 2018**

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



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPAReport@ohioauditor.gov  
(800) 282-0370

Village Council  
Village of New Lexington  
215 S. Main Street  
New Lexington, Ohio 43764

We have reviewed the *Independent Auditor's Report* of the Village of New Lexington, Perry County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2018 through December 31, 2018. 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

November 18, 2019

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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, 2018 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, 2018 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. 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.

***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 7, 2019, 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 7, 2019



**Village of New Lexington**  
**Perry County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2018*  
*(Unaudited)*

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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, 2018, 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 2018 are as follows:

- The total net position of the Village increased \$447,689. Net position of governmental activities increased \$285,533 and net position of business-type activities increased \$162,156 from 2017.
- General cash receipts of Governmental Activities totaled \$1,809,559 and amounted to 66% of total cash receipts. Program specific cash receipts accounted for \$905,200 or 34% of total governmental activities cash receipts. Total governmental activities cash receipts for 2018 were \$2,714,759.
- The Village had \$2,429,226 in cash disbursements related to governmental activities; \$905,200 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 \$1,524,026 were offset by general cash receipts (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$1,809,559.
- 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 \$1,401,391 and cash disbursements and other financing uses of \$1,175,499. The net increase in fund balance for the General Fund was \$225,892.
- The Fire and EMS Levy Fund had cash receipts of \$863,471 and cash disbursements of \$789,802. The net increase in fund balance was \$73,669.
- The Water Fund had cash receipts \$1,140,654 and cash disbursements of \$1,054,384 in 2018. The net change in net position was an increase of \$86,270.
- The Sewer Fund had cash receipts of \$2,941,046 and cash disbursements of \$2,847,113 in 2018. The net change in net position was an increase of \$93,933.

**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

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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 2018?" 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.

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*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 2018.

	Net Position	
	Governmental Activities	Business-Type Activities
	2018	2018
Assets:		
Cash and investments	\$814,535	\$2,185,869
Total assets	\$814,535	\$2,185,869
Net position:		
Restricted	\$185,426	\$0
Assigned	27,558	0
Unrestricted (deficit)	601,551	2,185,869
Total net assets	\$814,535	\$2,185,869

The total net position of the Village was \$3,000,404.

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The table below provides a summary of the Village's net position for 2017.

	Change in Net Position	
	Governmental Activities	Business-Type Activities
	2018	2018
Cash receipts:		
Program cash receipts:		
Charges for services and sales	\$622,098	\$1,967,944
Operating grants and contributions	182,059	891,870
Capital grants and contributions	101,043	0
Total program cash receipts	906,100	2,859,814
General cash receipts:		
Property taxes	199,269	0
Income taxes	1,029,467	0
Other local taxes	33,435	0
Unrestricted grants and entitlements	85,646	0
Debt Proceeds	183,901	1,199,770
Interest	5,789	0
Sale of Capital Assets	125,500	0
Cable franchise fees	28,611	0
Miscellaneous	117,941	22,116
Total general cash receipts	1,809,559	1,221,886
Total cash receipts	2,715,659	4,081,700
Cash disbursements:		
General government	330,794	0
Security of persons and property	1,349,846	0
Leisure time activities	100,896	0
Public Health	35,285	0
Transportation	187,535	0
Capital Outlay	257,689	0
Debt service:		
Principal	102,525	0
Interest and fiscal charges	64,656	0
Water	0	1,072,431
Sewer	0	2,847,113
		3
Total cash disbursements	2,429,226	3,919,544
Change in net position	285,533	162,156
Net position, beginning of year	529,002	2,023,713
Net position, end of year	\$814,535	\$2,185,869

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Governmental activities net position increased \$285,533 in 2018. Security of persons and property, which primarily supports the operations of the police, fire, and emergency medical services departments, accounted for \$1,349,846 of the total cash disbursements of the Village. General cash receipts totaled \$1,809,559 and amounted to 66% 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 2018	Net Cost of Services 2018
Program cash disbursements:		
General government	\$330,794	\$323,867
Public Health Services	35,285	35,285
Security of persons and property	1,349,846	711,595
Leisure time activity	100,896	71,069
Community Environment	0	(6,010)
Transportation	187,535	(36,650)
Capital Outlay	257,689	257,689
Debt service:		
Principal	102,525	102,525
Interest and fiscal charges	64,656	64,656
<b>Total</b>	<b>\$2,429,226</b>	<b>\$1,524,026</b>

*Business-Type Activities*

Business-type activities include the water and sewer funds. These major funds had program cash receipts of \$2,859,814, general cash receipts of \$1,221,886 and cash disbursements of \$3,919,544 for 2018.

**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**  
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*For the Year Ended December 31, 2018*  
*(Unaudited)*

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The Village's governmental funds reported a combined fund cash balance of \$814,535. The schedule below indicates the fund cash balance as of December 31, 2018 for all major and nonmajor governmental funds.

	Fund Balances (Deficits) 12/31/18
Major funds:	
General	\$707,894
Fire and EMS	(78,785)
Other governmental funds	185,426
Total	\$814,535

**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 \$1,401,391 and actual cash disbursements were \$1,203,057.

**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 \$257,689 in governmental funds during 2018.

*Debt Administration*

The Village had the following long-term obligations outstanding at December 31, 2018:

	Governmental Activities 2018
General obligation notes	\$1,325,652
Medic Squad note	160,461
Total long-term obligations	\$1,486,113

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**Perry County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2018*  
*(Unaudited)*

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	Business-Type Activities
	<u>2018</u>
Sanitary Sewer revenue bonds	\$739,000
OWDA loans	4,268,581
OPWC loans	<u>419,731</u>
Total long-term obligations	<u>\$5,427,312</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, 2018*

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 814,535	\$ 2,185,869	\$ 3,000,404
<b>Total Assets</b>	<b>\$ 814,535</b>	<b>\$ 2,185,869</b>	<b>\$ 3,000,404</b>
<b>NET POSITION:</b>			
Restricted for:			
Debt Service	-	-	-
Other Purposes	185,426	-	185,426
Unrestricted	629,109	2,185,869	2,814,978
<b>Total Net Assets</b>	<b>\$ 814,535</b>	<b>\$ 2,185,869</b>	<b>\$ 3,000,404</b>

See notes to basic financial statements.



**Village of New Lexington**  
Perry County

*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2018*

	<u>Cash</u>	<u>Charges for</u>	<u>Operating</u>	<u>Capital Grants</u>	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Disbursements</u>	<u>Services</u>	<u>Grants and</u>	<u>and</u>	<u>Activities</u>	<u>Activities</u>	
		<u>and Sales</u>	<u>Contributions</u>	<u>Contributions</u>			
<b>Governmental Activities:</b>							
Current:							
Security of Persons and Property	\$ 1,349,846	\$ 571,229	\$ 3,140	\$ 63,882	\$ (711,595)	\$ -	\$ (711,595)
Public Health Services	35,285	-	-	-	(35,285)	-	(35,285)
Leisure Time Activities	100,896	20,463	9,364	-	(71,069)	-	(71,069)
Community Environment	-	6,010	-	-	6,010	-	6,010
Basic Utility Services	-	-	-	-	-	-	-
Transportation	187,535	17,469	169,555	37,161	36,650	-	36,650
General Government	330,794	6,927	-	-	(323,867)	-	(323,867)
Capital Outlay	257,689	-	-	-	(257,689)	-	(257,689)
Debt Service							
Principal Retirement	102,525	-	-	-	(102,525)	-	(102,525)
Interest and Fiscal Charges	64,656	-	-	-	(64,656)	-	(64,656)
<i>Total Governmental Activities</i>	<u>2,429,226</u>	<u>622,098</u>	<u>182,059</u>	<u>101,043</u>	<u>(1,524,026)</u>	<u>-</u>	<u>(1,524,026)</u>
<b>Business Type Activities</b>							
Water Operating	1,054,384	1,134,512	-	-	-	80,128	80,128
Sewer Operating	2,847,113	833,432	891,870	-	-	(1,121,811)	(1,121,811)
Guaranteed Water Deposits	18,047	-	-	-	-	(18,047)	(18,047)
<i>Total Business Type Activities</i>	<u>3,919,544</u>	<u>1,967,944</u>	<u>891,870</u>	<u>-</u>	<u>-</u>	<u>(1,059,730)</u>	<u>(1,059,730)</u>
<i>Total Primary Government</i>	<u>\$ 6,348,770</u>	<u>\$ 2,590,042</u>	<u>\$ 1,073,929</u>	<u>\$ 101,043</u>	<u>(1,524,026)</u>	<u>(1,059,730)</u>	<u>(2,583,756)</u>
<b>General Receipts:</b>							
Property Taxes					199,269	-	199,269
Income Taxes					1,029,467	-	1,029,467
Other Taxes					33,435	-	33,435
Grants and Entitlements not							
Restricted to Specific Programs					85,646	-	85,646
Loan Proceeds					183,901	1,199,770	1,383,671
Cable Franchise Fees					28,611	-	28,611
Sale of Capital Assets					125,500	-	125,500
Earnings on Investments					5,789	-	5,789
Miscellaneous					117,941	22,116	140,057
<i>Total General Receipts</i>					<u>1,809,559</u>	<u>1,221,886</u>	<u>3,031,445</u>
Change in Net Position					285,533	162,156	447,689
<i>Net Position Beginning of Year</i>					<u>529,002</u>	<u>2,023,713</u>	<u>2,552,715</u>
<i>Net Position End of Year</i>					<u>\$ 814,535</u>	<u>\$ 2,185,869</u>	<u>\$ 3,000,404</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, 2018*

	<u>General</u>	<u>Fire &amp;EMS Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 707,894	\$ (78,785)	\$ 185,426	\$ 814,535
<i>Total Assets</i>	<u>\$ 707,894</u>	<u>\$ (78,785)</u>	<u>\$ 185,426</u>	<u>\$ 814,535</u>
<b>Fund Cash Balances:</b>				
Restricted	\$ -	\$ -	\$ 185,426	\$ 185,426
Assigned	27,558	-	-	27,558
Unassigned	680,336	(78,785)	-	601,551
<i>Total Fund Cash Balances</i>	<u>\$ 707,894</u>	<u>\$ (78,785)</u>	<u>\$ 185,426</u>	<u>\$ 814,535</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, 2018*

	<u>General</u>	<u>Fire &amp;EMS Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts</b>				
Municipal Income Taxes	\$ 1,029,467	\$ -	\$ -	\$ 1,029,467
Property Taxes	69,318	67,800	62,151	199,269
Other Local Taxes	-	-	50,904	50,904
Intergovernmental	73,190	8,749	277,745	359,684
Charges for Services	-	580,293	20,463	600,756
Fines, Licenses and Permits	37,083	3,500	965	41,548
Earnings on Investments	5,789	-	-	5,789
Miscellaneous	61,544	18,728	37,669	117,941
<i>Total Receipts</i>	<u>1,276,391</u>	<u>679,070</u>	<u>449,897</u>	<u>2,405,358</u>
<b>Disbursements:</b>				
Current:				
Security of Persons and Property	806,832	474,132	68,882	1,349,846
Public Health Services	-	-	35,285	35,285
Leisure Time Activities	2,461	-	98,435	100,896
Transportation	-	-	187,535	187,535
General Government	330,794	-	-	330,794
Capital Outlay	-	183,901	73,788	257,689
Debt Service				
Principal Retirement	21,485	81,040	-	102,525
Interest and Fiscal Charges	13,927	50,729	-	64,656
<i>Total Disbursements</i>	<u>1,175,499</u>	<u>789,802</u>	<u>463,925</u>	<u>2,429,226</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	100,892	(110,732)	(14,028)	(23,868)
<i>Other Financing Sources (Uses)</i>				
Other Debt Proceeds	-	183,901	-	183,901
Sale of Capital Assets	125,000	500	-	125,500
Advance Out	-	-	-	-
Transfer Out	-	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>125,000</u>	<u>184,401</u>	<u>-</u>	<u>309,401</u>
<i>Net Change in Fund Balance</i>	225,892	73,669	(14,028)	285,533
<i>Cash Fund Balances Beginning of Year</i>	<u>482,002</u>	<u>(152,454)</u>	<u>199,454</u>	<u>529,002</u>
<i>Cash Fund Balances End of Year</i>	<u>\$ 707,894</u>	<u>\$ (78,785)</u>	<u>\$ 185,426</u>	<u>\$ 814,535</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, 2018*

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Municipal Income Taxes	\$ 925,000	\$ 925,000	\$ 1,029,467	\$ 104,467
Property Taxes	63,832	63,832	69,318	5,486
Other Local Taxes	-	-	-	-
Intergovernmental	63,700	71,062	73,190	2,128
Charges for Services	4,800	4,800	-	(4,800)
Fines, Licenses and Permits	32,250	33,410	37,083	3,673
Earnings on Investments	3,000	3,600	5,789	2,189
Miscellaneous	36,000	45,500	61,544	16,044
<i>Total Receipts</i>	<u>1,128,582</u>	<u>1,147,204</u>	<u>1,276,391</u>	<u>129,187</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	755,595	820,024	811,713	8,311
Leisure Time Activities	2,500	2,500	2,461	39
Community Environment	-	30,000	-	30,000
General Government	350,471	378,900	353,471	25,429
Debt Service				
Principal Retirement	23,450	23,450	21,485	1,965
Interest and Fiscal Charges	14,450	14,450	13,927	523
<i>Total Disbursements</i>	<u>1,146,466</u>	<u>1,269,324</u>	<u>1,203,057</u>	<u>66,267</u>
<i>Excess Of Receipts Over (Under) Disbursements</i>	(17,884)	(122,120)	73,334	195,454
<i>Other Financing Sources (Uses)</i>				
Sale of Assets	-	125,000	125,000	-
<i>Total Other Financing Uses</i>	-	125,000	125,000	-
<i>Net Change in Fund Balance</i>	(17,884)	2,880	198,334	195,454
<i>Unencumbered Fund Balances Beginning of Year</i>	<u>440,724</u>	<u>440,724</u>	<u>440,724</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>41,278</u>	<u>41,278</u>	<u>41,278</u>	<u>-</u>
<i>Unencumbered Fund Balances End of Year</i>	<u><u>\$ 464,118</u></u>	<u><u>\$ 484,882</u></u>	<u><u>\$ 680,336</u></u>	<u><u>\$ 195,454</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, 2017*

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property Taxes	\$ 66,072	\$ 66,073	\$ 67,800	\$ 1,727
Intergovernmental	10,200	7,085	8,749	1,664
Charges for Services	470,000	547,497	580,293	32,796
Fines, Licenses and Permits	3,700	3,250	3,500	250
Miscellaneous	2,500	18,038	18,728	690
<i>Total Receipts</i>	<u>552,472</u>	<u>641,943</u>	<u>679,070</u>	<u>37,127</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	415,716	529,004	474,132	54,872
Capital Outlay	-	183,901	183,901	-
Debt Service				
Principal Retirement	89,500	82,507	81,040	1,467
Interest and Fiscal Charges	43,800	50,792	50,729	63
<i>Total Disbursements</i>	<u>549,016</u>	<u>846,204</u>	<u>789,802</u>	<u>63</u>
<i>Excess Of Receipts Over (Under) Disbursements</i>	3,456	(204,261)	(110,732)	93,529
<i>Other Financing Sources (Uses)</i>				
Sale of Capital Assets	-	-	500	500
Other Debt Proceeds	-	183,901	183,901	-
<i>Total Other Financing Uses</i>	<u>-</u>	<u>183,901</u>	<u>184,401</u>	<u>500</u>
<i>Net Change in Fund Balance</i>	3,456	(20,360)	73,669	94,029
<i>Unencumbered Fund Balances Beginning of Year</i>	<u>(154,526)</u>	<u>(154,526)</u>	<u>(154,526)</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>2,072</u>	<u>2,072</u>	<u>2,072</u>	<u>-</u>
<i>Unencumbered Fund Balances End of Year</i>	<u>\$ (148,998)</u>	<u>\$ (172,814)</u>	<u>\$ (78,785)</u>	<u>\$ 94,029</u>

See notes to basic financial statements.

**Village of New Lexington**  
Perry County

*Statement of Fund Net Position - Cash Basis*  
*Proprietary Funds*  
*December 31, 2018*

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	<u>Water Operating</u>	<u>Sewer Operating</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
<b>ASSETS:</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 1,783,195	\$ 367,228	\$ 35,446	\$ 2,185,869
<i>Total Assets</i>	<u>\$ 1,783,195</u>	<u>\$ 367,228</u>	<u>\$ 35,446</u>	<u>\$ 2,185,869</u>
<b>Net Position:</b>				
Unrestricted	1,783,195	367,228	35,446	2,185,869
<i>Total Net Position</i>	<u>\$ 1,783,195</u>	<u>\$ 367,228</u>	<u>\$ 35,446</u>	<u>\$ 2,185,869</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, 2018*

	<b>Water Operating</b>	<b>Sewer Operating</b>	<b>Other Enterprise Funds</b>	<b>Enterprise Total</b>
<b>Operating Receipts:</b>				
Charges for Services	\$ 1,134,512	\$ 833,432	\$ -	\$ 1,967,944
Miscellaneous	-	-	-	-
<i>Total Operating Receipts</i>	<u>1,134,512</u>	<u>833,432</u>	<u>-</u>	<u>1,967,944</u>
<b>Operating Disbursements:</b>				
Personal Services	215,524	226,609	-	442,133
Employee Fringe Benefits	98,976	92,755	-	191,731
Contractual Services	270,821	298,857	-	569,678
Supplies and Materials	230,910	60,287	-	291,197
Other	9,646	-	18,047	27,693
<i>Total Operating Disbursements</i>	<u>825,877</u>	<u>678,508</u>	<u>18,047</u>	<u>1,522,432</u>
<i>Operating Income (Loss)</i>	308,635	154,924	(18,047)	445,512
<b>Non-Operating Receipts (Disbursements)</b>				
Intergovernmental	-	891,870	-	891,870
Loan Proceeds	-	1,199,770	-	1,199,770
Miscellaneous	6,142	15,974	-	22,116
Capital Outlay	(115,456)	(1,899,637)	-	(2,015,093)
Debt Service:				
Principal	(81,848)	(211,614)	-	(293,462)
Interest	(31,203)	(57,354)	-	(88,557)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(222,365)</u>	<u>(60,991)</u>	<u>-</u>	<u>(283,356)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	86,270	93,933	(18,047)	162,156
<i>Transfers -In</i>	65,000	200,000	-	265,000
<i>Transfers-Out</i>	(65,000)	(200,000)	-	(265,000)
<i>Change in Net Position</i>	86,270	93,933	(18,047)	162,156
<i>Net Position Beginning of Year</i>	<u>1,696,925</u>	<u>273,295</u>	<u>53,493</u>	<u>2,023,713</u>
<i>Net Position End of Year</i>	<u>\$ 1,783,195</u>	<u>\$ 367,228</u>	<u>\$ 35,446</u>	<u>\$ 2,185,869</u>

See notes to basic financial statements.

**Village of New Lexington**  
*Perry County*

*Statement of Fund Net Position - Cash Basis*  
*Agency Funds*  
*December 31, 2018*

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	<b>Agency Fund</b>
<b>ASSETS:</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 17,202
<i>Total Assets</i>	<u>\$ 17,202</u>
<b>Net Position:</b>	
Held on Behalf of Fire Damage Escrow	<u>17,202</u>
<i>Total Net Position</i>	<u>\$ 17,202</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, 2018*

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**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, 2018*

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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, 2018*

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*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 agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations 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, 2018*

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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 2017, 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 2018 were \$5,789.

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 2018.

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, 2018*

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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, 2018, 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, 2018*

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*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, 2018, 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 2018, which is contrary to Ohio Revised Code Section 5705.39.

Expenditures exceeding Appropriations

The Village had funds where expenditures exceeded appropriations in the State Highway Fund and Sewer Fund, which is contrary to Ohio Revised Code Sections 5705.41(B).

**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, 2018*

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(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	\$27,558
Fire and EMS Fund	19,983

**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

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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 \$3,155,127 was either insured by the Federal Deposit Insurance Corporation or collateralized by pledged securities of its banking institution as described below.

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

#### Investments

*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 \$3,000,404 at December 31, 2018 is comprised of the carrying amount of the Village’s deposits and investments (certificate of deposit) of \$2,923,999 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 2018, the receipts were allocated to the General Fund in the amount of \$1,029,467.

**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 2018 for real and public utility property taxes represents collections of 2017 taxes.

2018 real property taxes are levied after October 1, 2018, on assessed value as of January 1, 2017, 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 2019.

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. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2018 was \$5.46 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2018 property tax receipts were based was \$53,173,310. This amount consisted of \$50,549,190 and \$4,126,890 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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The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017:

	2017
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

At December 31, 2017 the liabilities above include approximately 11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2018 the Governments share of these unpaid claims collectible in future years is approximately \$39,351.

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

During 2018 and 2017, the Village made contributions to PEP in the amount of \$62,462 and \$60,254, respectively.

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

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**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 cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Village employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension Plan. 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 detail information about OPERS' fiduciary net position. Interested parties may obtain a copy by visiting <https://www.opers.org/financial.reports.html>, 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 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 plan as 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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<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
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
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>
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
<b>Formula:</b>	<b>Formula:</b>	<b>Formula:</b>
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
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>
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
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>
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
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Formula:</b>	<b>Formula:</b>	<b>Formula:</b>
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. 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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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
<b>2018 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
<b>2018 Actual Contribution Rates</b>			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	2.0	2.0	2.0
<b>Total Employer</b>	<b>14.0 %</b>	<b>18.1 %</b>	<b>18.1 %</b>
<b>Employee</b>	<b>10.0 %</b>	<b>12.0 %</b>	<b>13.0 %</b>
* 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.			

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

The Village's contractually required contribution was \$123,821 for year 2018, which consisted of \$121,345 and \$2,476 in the traditional and combined plans respectively.

Plan Description - Ohio Police and Fire Pension Fund

Village full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF 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. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF 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.

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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.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF 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 and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

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

	Police		Firefighters	
<b>2018 Statutory Maximum Contribution Rates</b>				
Employer	19.50	%	24.00	%
Employee:				
January 1, 2018 through December 31, 2018	12.25	%	12.25	%
<b>2018 Actual Contribution Rates</b>				
Employer:				
Pension	19.00	%	23.50	%
Post-employment Health Care Benefits	0.50		0.50	
<b>Total Employer</b>	<b>19.50</b>	<b>%</b>	<b>24.00</b>	<b>%</b>
Employee:				
January 1, 2018 through December 31, 2018	12.25	%	12.25	%

Employer contribution rates are expressed as a percentage of covered payroll. The Village's contractually required contribution to OPF was \$47,790 for 2018.

***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, 2018.

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**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.

In March 2016, PERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed by July 1, 2016. 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. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for 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 45. 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 2018, 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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016 and 1.0 percent during calendar year 2017. 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 2017 was 4.0 percent.

Substantially all of the Village's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the year ended December 31, 2018 was \$4,952. The full amount has been contributed for 2018.

#### Ohio Police and Fire Pension Fund

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

OPF provides access to post-retirement 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 OPF meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the OPF 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.

OPF 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](http://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 OPF 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.

OPF 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 2018, 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



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responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OPF 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, OPF 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 OPF 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 OPF was \$2,389 for 2018. The full amount has been contributed for 2018.

**Note 11 – Debt**

The changes in the Village's notes payable during 2017 were as follows:

	Interest Rate	Balance January 1, 2018	Issued	Retired	Balance December 31, 2018	Due Within One Year
<i>Governmental Activities</i>						
Municipal Building Refinance	4.0%	1,404,737	0	(79,085)	1,325,652	89,742
Medic Squad Note	2.90%	0	183,901	(23,440)	160,461	26,265
<b>Total Governmental Activities</b>		<b>\$1,404,737</b>	<b>\$183,901</b>	<b>(\$102,525)</b>	<b>\$1,486,113</b>	<b>\$116,007</b>
<i>Business-Type Activities</i>						
Sanitary Sewer System Revenue Bonds	4.5%	761,000	0	(22,000)	739,000	23,000
Ohio Water Development Authority Loans	1.5%-2.0%	3,462,930	1,057,392	(251,741)	4,268,581	132,543
Ohio Public Works Commission Loans	0.0%-2.0%	297,254	142,378	(19,901)	419,731	29,202
<b>Total Business-Type Activities</b>		<b>\$4,521,184</b>	<b>\$ 1,199,770</b>	<b>(\$293,642)</b>	<b>\$5,427,312</b>	<b>\$177,533</b>

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.

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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.

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, 2018 for governmental activities:

Year	Municipal Building Refinance		Medic Squad Loan	
	Principal	Interest	Principal	Interest
2019	\$89,742	\$51,104	\$26,265	\$4,379
2020	93,262	47,585	29,937	3,492
2021	97,198	43,647	30,815	2,616
2022	101,158	39,686	31,720	1,711
2023	107,023	35,649	32,652	778
2024-2028	594,577	109,650	9,072	48
2029-2033	242,692	9,985	0	0
<b>Total</b>	<b>\$1,325,652</b>	<b>\$337,218</b>	<b>\$160,461</b>	<b>\$13,024</b>

The following is a summary of the Village's future annual debt service requirements at December 31, 2018 for business-type activities:

Year	Sanitary Sewer Bonds	
	Principal	Interest
2019	\$23,000	\$33,255
2020	25,000	32,220
2021	26,000	31,095
2022	27,000	29,925
2023	28,000	28,710
2024-2028	161,000	123,435
2029-2033	201,000	83,700
2034-2038	248,000	34,695
<b>Total</b>	<b>\$761,000</b>	<b>\$431,280</b>

Year	OWDA Loans		OPWC Loans	
	Principal	Interest	Principal	Interest
2019	132,543	41,951	29,202	1,615
2020	134,742	39,753	29,509	1,309
2021	137,069	37,426	29,822	995
2022	139,344	35,149	30,139	677
2023	141,662	32,832	26,208	390
2024-2028	692,284	131,348	82,128	486
2029-2033	553,982	78,065	57,460	0
2034-2038	457,719	34,330	57,460	0
2039-2043	139,315	10,097	54,075	0
2044-2048	56,715	1,342	23,728	0
<b>Total</b>	<b>\$2,585,375</b>	<b>\$442,293</b>	<b>\$419,731</b>	<b>\$5,388</b>

**Village of New Lexington**  
**Perry County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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**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:

<b>Restricted for</b>				
Road Improvements			\$131,249	\$131,249
Police Operations			16,199	16,199
Police Training			6,940	6,940
Drug & Alcohol Education & Enforcement			8,959	8,959
Cemetery			1,616	1,616
Fire Equipment Grant			179	179
Leisure Time Activities			20,284	20,284
<i>Total Restricted</i>			<u>\$0</u>	<u>\$0</u>
			185,426	185,426
<i>Total Assigned</i>			<u>27,558</u>	<u>0</u>
			0	0
Unassigned (deficits):			<u>680,336</u>	<u>(78,785)</u>
<i>Total Fund Balances</i>			<u>\$707,894</u>	<u>(\$78,785)</u>
			<u>\$185,426</u>	<u>\$786,977</u>

**Village of New Lexington**  
**Perry County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 15 – Financial Condition**

As of December 31, 2018, the Village had a deficit cash-basis fund balance of \$78,785 in its Fire and EMS Levy Fund. Further, for the year ended December 31, 2018 the Village had cash-basis gains from governmental operations of \$73,669. 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 governmental cash-basis results of operations.

**Note 16 – Transfers and Advances**

During 2018 the Water Fund and Sewer Fund transferred \$65,000 and \$200,000, 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. 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.

**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 Village of New Lexington, Perry County as of and for the year ended December 31, 2018 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 7, 2019, wherein we noted that 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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. We consider Findings 2018-001 and 2018-003 described in the accompanying schedule of findings to be material weaknesses.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether 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 item 2018-001 and 2018-002.

***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 7, 2019

**VILLAGE OF NEW LEXINGTON  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018**

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

**FINDING NUMBER 2018-001**

**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, 2018, the Fire & EMS Levy Fund had a negative fund balance of \$78,785.

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 2018-002**

**Noncompliance**

Ohio Revised Code Section 5705.39 states that total appropriations from each fund shall not exceed the total of estimated resources.

Based on tests performed, we noted the Fire & EMS Levy Fund had appropriations exceeding estimated resources by \$173,172.

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, 2018**

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

**FINDING NUMBER 2018-003**

**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 \$1,199,770 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 \$183,901 for the purchase of the Medic Squad in the Fire & EMS Fund.
- A reclassification of \$74,927 to increase Principal Retirement and reduce Capital Outlay in the Sewer Fund to properly show debt payments made.

**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, 2018**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2017-001	Noncompliance and Material Weakness Negative Fund Balances for Fire & EMS Levy Fund	No	Not Corrected Reported as Finding 2018-001
2017-002	Noncompliance 5705.39, appropriations exceeding available resources	No	Not Corrected Reported as Finding 2018-002

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# OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF NEW LEXINGTON

PERRY COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
DECEMBER 5, 2019