

**VILLAGE OF NEW LEXINGTON
PERRY COUNTY**

AUDIT REPORT

JANUARY 1, 2017 – DECEMBER 31, 2017

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



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of New Lexington, Perry County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2017 through December 31, 2017. 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 "Dave Yost".

Dave Yost
Auditor of State

May 23, 2018

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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, 2017 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, 2017 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 8, 2018, 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 8, 2018

Village of New Lexington
Perry County
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

The management's discussion and analysis of the Village of New Lexington's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2017, 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 2017 are as follows:

- The total net position of the Village increased \$345,083. Net position of governmental activities increased \$214,642 and net position of business-type activities increased \$130,441 from 2016.
- General cash receipts of Governmental Activities totaled \$1,388,346 and amounted to 59% of total cash receipts. Program specific cash receipts accounted for \$957,368 or 41% of total governmental activities cash receipts. Total governmental activities cash receipts for 2017 were \$2,345,714.
- The Village had \$2,131,072 in cash disbursements related to governmental activities; \$957,368 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 \$1,173,704 were offset by general cash receipts (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$1,388,346.
- The Village's major governmental funds are the General Fund, the Fire and EMS Levy Special Revenue Fund, and Pool Improvement Bond Debt Service Fund. The General Fund had cash receipts of \$1,220,562 and cash disbursements and other financing uses of \$1,080,761. The net increase in fund balance for the General Fund was \$139,801.
- The Fire and EMS Levy Fund had cash receipts of \$588,860 and cash disbursements of \$536,690. The net increase in fund balance was \$52,170.
- The Pool Improvement Bond Fund had cash receipts of \$0 and cash disbursements of \$0. The net change in fund balance was \$0.
- The Water Fund had cash receipts \$1,144,415 and cash disbursements of \$914,902 in 2017. The net change in net position was an increase of \$229,513.
- The Sewer Fund had cash receipts of \$788,543 and cash disbursements of \$881,293 in 2017. The net change in net position was a decrease of \$92,750.

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.

Village of New Lexington
Perry County
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

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

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

Reporting the Village as a Whole

Statement of Net Position and the Statement of Activities

A general question typically asked about the Village's finances is "How did we do financially during 2017?" The statement of net position-cash basis and the statement of activities-cash basis answer this question. These statements include only net position using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's cash receipts and cash disbursements if the cash is actually received or paid.

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

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

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

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

Reporting the Village's Most Significant Funds

Fund Financial Statements

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

Village of New Lexington
Perry County
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

Governmental Funds

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

Proprietary Funds

When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has two 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 2017.

	Net Position	
	Governmental Activities	Business-Type Activities
	2017	2017
Assets:		
Cash and investments	\$529,002	\$2,023,713
Total assets	\$529,002	\$2,023,713
Net position:		
Restricted	\$199,454	\$0
Unrestricted (deficit)	329,548	2,023,713
Total net assets	\$529,002	\$2,023,713

The total net position of the Village was \$2,552,715.

Village of New Lexington
Perry County
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

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

	Change in Net Position	
	Governmental	Business-Type
	Activities	Activities
	2017	2017
Cash receipts:		
Program cash receipts:		
Charges for services and sales	\$573,064	\$1,925,104
Operating grants and contributions	187,955	3,227
Capital grants and contributions	196,349	0
Total program cash receipts	957,368	1,928,331
General cash receipts:		
Property taxes	184,538	0
Income taxes	1,001,802	0
Other local taxes	47,020	0
Unrestricted grants and entitlements	90,374	0
Debt Proceeds	0	2,883
Interest	4,380	0
Sale of Capital Assets	2,393	0
Cable franchise fees	26,955	0
Miscellaneous	30,884	10,686
Total general cash receipts	1,388,346	13,569
Total cash receipts	2,345,714	1,941,900
Cash disbursements:		
General government	308,752	0
Security of persons and property	1,363,361	0
Leisure time activities	95,096	0
Health	24,390	0
Transportation	152,010	0
Capital Outlay	47,055	0
Debt service:		
Principal	86,733	0
Interest and fiscal charges	53,675	0
Water	0	930,166
Sewer	0	881,293
Total cash disbursements	2,131,072	1,811,459
Change in net position	214,642	130,441
Net position, beginning of year	314,360	1,893,272
Net position, end of year	\$529,002	\$2,023,713

Village of New Lexington
Perry County
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

Governmental activities net position increased \$214,642 in 2017. Security of persons and property, which primarily supports the operations of the police, fire, and emergency medical services departments, accounted for \$1,363,361 of the total cash disbursements of the Village. General cash receipts totaled \$1,388,346 and amounted to 59% 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 2017	Net Cost of Services 2017
Program cash disbursements:		
General government	\$308,752	\$297,298
Public Health Services	24,390	24,390
Security of persons and property	1,363,361	635,976
Leisure time activity	95,096	66,903
Community Environment	0	(7,115)
Transportation	152,010	(31,211)
Capital Outlay	47,055	47,055
Debt service:		
Principal	86,733	86,733
Interest and fiscal charges	53,675	53,675
Total	\$2,131,072	\$1,173,704

Business-Type Activities

Business-type activities include the water and sewer funds. These major funds had program cash receipts of \$1,928,331, general cash receipts of \$13,569 and cash disbursements of \$1,811,459 for 2017.

Financial Analysis of the Village's Funds

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

Governmental Funds

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

Village of New Lexington
Perry County
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

The Village's governmental funds reported a combined fund cash balance of \$529,002. The schedule below indicates the fund cash balance as of December 31, 2017 for all major and nonmajor governmental funds.

	Fund Balances (Deficits) 12/31/17
Major funds:	
General	\$482,002
Fire and EMS	(152,454)
Pool Improvement Bond	9,372
Other governmental funds	190,082
Total	\$529,002

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 \$1,220,562 and actual cash disbursements were \$1,122,039.

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 \$0 in governmental funds during 2017.

Debt Administration

The Village had the following long-term obligations outstanding at December 31, 2017:

	Governmental Activities 2017
General obligation notes	\$1,404,737
Total long-term obligations	\$1,404,737

Village of New Lexington
Perry County
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

	Business-Type Activities
	<u>2017</u>
Sanitary Sewer revenue bonds	\$761,000
OWDA loans	3,462,930
OPWC loans	<u>297,254</u>
Total long-term obligations	<u>\$4,521,184</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, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Equity in Pooled Cash and Cash Equivalents	\$ 529,002	\$ 2,023,713	\$ 2,552,715
Total Assets	\$ 529,002	\$ 2,023,713	\$ 2,552,715
NET POSITION:			
Restricted for:			
Debt Service	9,372	-	9,372
Other Purposes	190,082	-	190,082
Unrestricted	329,548	2,023,713	2,353,261
Total Net Assets	\$ 529,002	\$ 2,023,713	\$ 2,552,715

See notes to basic financial statements.

Village of New Lexington
Perry County

Statement of Activities - Cash Basis
For the Year Ended December 31, 2017

	<u>Cash</u> <u>Disbursements</u>	<u>Charges for</u> <u>Services</u> <u>and Sales</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital Grants</u> <u>and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Governmental Activities:							
Current:							
Security of Persons and Property	\$ 1,363,361	\$ 528,836	\$ 2,200	\$ 196,349	\$ (635,976)	\$ -	\$ (635,976)
Public Health Services	24,390	-	-	-	(24,390)	-	(24,390)
Leisure Time Activities	95,096	25,659	2,534	-	(66,903)	-	(66,903)
Community Environment	-	7,115	-	-	7,115	-	7,115
Basic Utility Services	-	-	-	-	-	-	-
Transportation	152,010	-	183,221	-	31,211	-	31,211
General Government	308,752	11,454	-	-	(297,298)	-	(297,298)
Capital Outlay	47,055	-	-	-	(47,055)	-	(47,055)
Debt Service							
Principal Retirement	86,843	-	-	-	(86,843)	-	(86,843)
Interest and Fiscal Charges	53,565	-	-	-	(53,565)	-	(53,565)
<i>Total Governmental Activities</i>	<u>2,131,072</u>	<u>573,064</u>	<u>187,955</u>	<u>196,349</u>	<u>(1,173,704)</u>	<u>-</u>	<u>(1,173,704)</u>
Business Type Activities							
Water Operating	914,902	1,136,779	-	3,227	-	225,104	225,104
Sewer Operating	881,293	779,383	-	-	-	(101,910)	(101,910)
Guaranteed Water Deposits	15,264	8,942	-	-	-	(6,322)	(6,322)
<i>Total Business Type Activities</i>	<u>1,811,459</u>	<u>1,925,104</u>	<u>-</u>	<u>3,227</u>	<u>-</u>	<u>116,872</u>	<u>116,872</u>
<i>Total Primary Government</i>	<u>\$ 3,942,531</u>	<u>\$ 2,498,168</u>	<u>\$ 187,955</u>	<u>\$ 199,576</u>	<u>(1,173,704)</u>	<u>116,872</u>	<u>(1,056,832)</u>
General Receipts:							
Property Taxes					184,538	-	184,538
Income Taxes					1,001,802	-	1,001,802
Other Taxes					47,020	-	47,020
Grants and Entitlements not							
Restricted to Specific Programs					90,374	-	90,374
Loan Proceeds					-	2,883	2,883
Cable Franchise Fees					26,955	-	26,955
Sale of Capital Assets					2,393	-	2,393
Earnings on Investments					4,380	-	4,380
Miscellaneous					30,884	10,686	41,570
<i>Total General Receipts</i>					<u>1,388,346</u>	<u>13,569</u>	<u>1,401,915</u>
Change in Net Position					214,642	130,441	345,083
<i>Net Position Beginning of Year</i>					<u>314,360</u>	<u>1,893,272</u>	<u>2,207,632</u>
<i>Net Position End of Year</i>					<u>\$ 529,002</u>	<u>\$ 2,023,713</u>	<u>\$ 2,552,715</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, 2017

	<u>General</u>	<u>Fire &EMS Levy</u>	<u>Pool Bond</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:					
Equity in Pooled Cash and Cash Equivalents	\$ 482,002	\$ (152,454)	\$ 9,372	\$ 190,082	\$ 529,002
<i>Total Assets</i>	<u>\$ 482,002</u>	<u>\$ (152,454)</u>	<u>\$ 9,372</u>	<u>\$ 190,082</u>	<u>\$ 529,002</u>
Fund Cash Balances:					
Restricted	\$ -	\$ -	\$ 9,372	\$ 190,082	\$ 199,454
Unassigned	482,002	(152,454)	-	-	329,548
<i>Total Fund Cash Balances</i>	<u>\$ 482,002</u>	<u>\$ (152,454)</u>	<u>\$ 9,372</u>	<u>\$ 190,082</u>	<u>\$ 529,002</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, 2017

	<u>General</u>	<u>Fire & EMS Levy</u>	<u>Pool Bond</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts					
Municipal Income Taxes	\$ 1,001,802	\$ -	\$ -	\$ -	\$ 1,001,802
Property Taxes	58,954	65,416	-	58,453	182,823
Other Local Taxes	-	-	-	47,020	47,020
Intergovernmental	73,112	13,675	-	387,072	473,859
Charges for Services	-	496,357	-	25,659	522,016
Fines, Licenses and Permits	37,067	5,525	-	1,332	43,924
Earnings on Investments	4,380	-	-	-	4,380
Miscellaneous	45,247	5,494	-	16,756	67,497
<i>Total Receipts</i>	<u>1,220,562</u>	<u>586,467</u>	<u>-</u>	<u>536,292</u>	<u>2,343,321</u>
Disbursements:					
Current:					
Security of Persons and Property	734,645	431,695	-	197,021	1,363,361
Public Health Services	-	-	-	24,390	24,390
Leisure Time Activities	1,951	-	-	93,145	95,096
Transportation	-	-	-	152,010	152,010
General Government	308,752	-	-	-	308,752
Capital Outlay	-	-	-	47,055	47,055
Debt Service					
Principal Retirement	21,331	65,512	-	-	86,843
Interest and Fiscal Charges	14,082	39,483	-	-	53,565
<i>Total Disbursements</i>	<u>1,080,761</u>	<u>536,690</u>	<u>-</u>	<u>513,621</u>	<u>2,131,072</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	139,801	49,777	-	22,671	212,249
<i>Other Financing Sources (Uses)</i>					
Advance In	11,000	11,000	-	-	22,000
Sale of Capital Assets	-	2,393	-	-	2,393
Advance Out	(11,000)	(11,000)	-	-	(22,000)
Transfer Out	-	-	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>2,393</u>	<u>-</u>	<u>-</u>	<u>2,393</u>
<i>Net Change in Fund Balance</i>	139,801	52,170	-	22,671	214,642
<i>Cash Fund Balances Beginning of Year</i>	<u>342,201</u>	<u>(204,624)</u>	<u>9,372</u>	<u>167,411</u>	<u>314,360</u>
<i>Cash Fund Balances End of Year</i>	<u>\$ 482,002</u>	<u>\$ (152,454)</u>	<u>\$ 9,372</u>	<u>\$ 190,082</u>	<u>\$ 529,002</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, 2017*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Municipal Income Taxes	\$ 890,000	\$ 890,001	\$ 1,001,802	\$ 111,801
Property Taxes	54,938	58,954	58,954	-
Other Local Taxes	-	-	-	-
Intergovernmental	50,500	50,500	73,112	22,612
Charges for Services	1,500	1,500	-	(1,500)
Fines, Licenses and Permits	33,550	33,434	37,067	3,633
Earnings on Investments	1,200	1,200	4,380	3,180
Miscellaneous	33,300	29,400	45,247	15,847
<i>Total Receipts</i>	<u>1,064,988</u>	<u>1,064,989</u>	<u>1,220,562</u>	<u>155,573</u>
Disbursements				
Current:				
Security of Persons and Property	769,501	814,502	764,837	49,665
Leisure Time Activities	2,000	2,000	1,951	49
General Government	328,449	351,200	319,838	31,362
Debt Service				
Principal Retirement	18,500	21,373	21,331	42
Interest and Fiscal Charges	18,100	15,226	14,082	1,144
<i>Total Disbursements</i>	<u>1,136,550</u>	<u>1,204,301</u>	<u>1,122,039</u>	<u>82,262</u>
<i>Excess Of Receipts Over (Under) Disbursements</i>	(71,562)	(139,312)	98,523	237,835
<i>Other Financing Sources (Uses)</i>				
Advances In	-	-	11,000	11,000
Advances Out	-	-	(11,000)	(11,000)
<i>Total Other Financing Uses</i>	-	-	-	-
<i>Net Change in Fund Balance</i>	(71,562)	(139,312)	98,523	237,835
<i>Unencumbered Fund Balances Beginning of Year</i>	<u>303,637</u>	<u>303,637</u>	<u>303,637</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>38,564</u>	<u>38,564</u>	<u>38,564</u>	<u>-</u>
<i>Unencumbered Fund Balances End of Year</i>	<u><u>\$ 270,639</u></u>	<u><u>\$ 202,889</u></u>	<u><u>\$ 440,724</u></u>	<u><u>\$ 237,835</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>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property Taxes	\$ 65,691	\$ 65,416	\$ 65,416	\$ -
Intergovernmental	11,900	10,590	13,675	3,085
Charges for Services	437,001	471,410	496,357	24,947
Fines, Licenses and Permits	3,500	3,500	5,525	2,025
Miscellaneous	-	5,000	5,494	494
<i>Total Receipts</i>	<u>518,092</u>	<u>555,916</u>	<u>586,467</u>	<u>30,551</u>
Disbursements				
Current:				
Security of Persons and Property	359,946	448,527	433,766	14,761
Debt Service				
Principal Retirement	53,000	65,595	65,402	193
Interest and Fiscal Charges	54,000	41,405	39,593	1,812
<i>Total Disbursements</i>	<u>466,946</u>	<u>555,527</u>	<u>538,761</u>	<u>1,812</u>
<i>Excess Of Receipts Over (Under) Disbursements</i>	51,146	389	47,706	47,317
<i>Other Financing Sources (Uses)</i>				
Sale of Capital Assets	-	2,400	2,393	(7)
Advances In	-	-	11,000	11,000
Advances Out	-	-	(11,000)	(11,000)
<i>Total Other Financing Uses</i>	<u>-</u>	<u>2,400</u>	<u>2,393</u>	<u>(7)</u>
<i>Net Change in Fund Balance</i>	51,146	2,789	50,099	47,310
<i>Unencumbered Fund Balances Beginning of Year</i>	<u>(214,000)</u>	<u>(214,000)</u>	<u>(214,000)</u>	<u>-</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>9,375</u>	<u>9,375</u>	<u>9,375</u>	<u>-</u>
<i>Unencumbered Fund Balances End of Year</i>	<u>\$ (153,479)</u>	<u>\$ (201,836)</u>	<u>\$ (154,526)</u>	<u>\$ 47,310</u>

See notes to basic financial statements.

Village of New Lexington
Perry County

Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2017

	<u>Water Operating</u>	<u>Sewer Operating</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
ASSETS:				
Equity in Pooled Cash and Cash Equivalents	<u>\$ 1,696,925</u>	<u>\$ 273,295</u>	<u>\$ 53,493</u>	<u>\$ 2,023,713</u>
<i>Total Assets</i>	<u><u>\$ 1,696,925</u></u>	<u><u>\$ 273,295</u></u>	<u><u>\$ 53,493</u></u>	<u><u>\$ 2,023,713</u></u>
Net Position:				
Unrestricted	<u>1,696,925</u>	<u>273,295</u>	<u>53,493</u>	<u>2,023,713</u>
<i>Total Net Position</i>	<u><u>\$ 1,696,925</u></u>	<u><u>\$ 273,295</u></u>	<u><u>\$ 53,493</u></u>	<u><u>\$ 2,023,713</u></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, 2017

	Water Operating	Sewer Operating	Other Enterprise Funds	Enterprise Total
Operating Receipts:				
Charges for Services	\$ 1,136,779	\$ 779,383	\$ 8,942	\$ 1,925,104
Miscellaneous	444	496	-	940
<i>Total Operating Receipts</i>	<u>1,137,223</u>	<u>779,879</u>	<u>8,942</u>	<u>1,926,044</u>
Operating Disbursements:				
Personal Services	192,450	212,182	-	404,632
Employee Fringe Benefits	84,819	79,701	-	164,520
Contractual Services	263,988	247,257	-	511,245
Supplies and Materials	185,342	51,132	-	236,474
Other	10,717	-	15,264	25,981
<i>Total Operating Disbursements</i>	<u>737,316</u>	<u>590,272</u>	<u>15,264</u>	<u>1,342,852</u>
<i>Operating Income (Loss)</i>	399,907	189,607	(6,322)	583,192
Non-Operating Receipts (Disbursements)				
Intergovernmental	3,227	-	-	3,227
Loan Proceeds	-	2,883	-	2,883
Miscellaneous	3,965	5,781	-	9,746
Capital Outlay	(64,761)	(90,693)	-	(155,454)
Debt Service:				
Principal	(80,347)	(154,366)	-	(234,713)
Interest	(32,478)	(45,962)	-	(78,440)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(170,394)</u>	<u>(282,357)</u>	<u>-</u>	<u>(452,751)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	229,513	(92,750)	(6,322)	130,441
<i>Transfers -In</i>	160,000	201,000	-	361,000
<i>Transfers-Out</i>	(160,000)	(201,000)	-	(361,000)
<i>Change in Net Position</i>	229,513	(92,750)	(6,322)	130,441
<i>Net Position Beginning of Year</i>	<u>1,467,412</u>	<u>366,045</u>	<u>59,815</u>	<u>1,893,272</u>
<i>Net Position End of Year</i>	<u>\$ 1,696,925</u>	<u>\$ 273,295</u>	<u>\$ 53,493</u>	<u>\$ 2,023,713</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, 2017

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, 2017

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.

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

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

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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.

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, program, and object level for all funds.

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

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

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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 2017 were \$4,380.

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 2017.

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.

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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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 enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Village's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

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, 2017, 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.

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 of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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, 2017, 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 2017, which is contrary to Ohio Revised Code Section 5705.39.

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 (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	\$41,278
Fire and EMS Fund	2,072

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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
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;

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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

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

The Village did not have any undeposited cash on hand.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the Village's bank balance of \$2,687,085 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."

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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Reconciliation of Cash and Investments

The Village's equity in pooled cash and investments of \$2,552,715 at December 31, 2017 is comprised of the carrying amount of the Village's deposits and investments (certificate of deposit) of \$2,476,310 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 2017, the receipts were allocated to the General Fund in the amount of \$1,001,802.

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 2017 for real and public utility property taxes represents collections of 2016 taxes.

2017 real property taxes are levied after October 1, 2017, 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. 2017 real property taxes are collected in and intended to finance 2018.

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. 2017 public utility property taxes which became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2018 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2017 was \$5.46 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2017 property tax receipts were based was \$53,173,310. This amount consisted of \$51,173,310 and \$2,806,890 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.

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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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, 2016, 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, 2016:

	2016
Assets	\$42,182,281
Liabilities	(13,396,700)
Net Position	\$28,785,581

At December 31, 2016 the liabilities above include approximately 12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool's membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016 the Governments share of these unpaid claims collectible in future years is approximately \$37,960.

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 2017 and 2016, the Village made contributions to PEP in the amount of \$60,254 and \$58,468, 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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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):

**Village of New Lexington
Perry County**
*Notes to the Basic Financial Statements
For the Year Ended December 31, 2017*

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

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 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.

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

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

	State and Local	Public Safety	Law Enforcement
2017 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2017 Actual Contribution Rates			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	2.0	2.0	2.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %
* This rate is determined by OPERS' Board and has no maximum rate established by ORC.			
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.			

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

The Village's contractually required contribution was \$118,363 for year 2017, which consisted of \$115,996 and \$2,367 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 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.

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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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:

Employee:					
January 1, 2017 through December 31, 2017	12.25	%		12.25	%
2017 Actual Contribution Rates					
Employer:					
Pension	19.00	%		23.50	%
Post-employment Health Care Benefits	0.50			0.50	
Total Employer	19.50	%		24.00	%
Employee:					
January 1, 2017 through December 31, 2017	12.25	%		12.25	%

Employer contribution rates are expressed as a percentage of covered payroll. The Village's contractually required contribution to OPF was \$39,584 for 2017.

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, 2017.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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 2017, 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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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 years ended December 31, 2017, 2016 and 2015 was \$8,454, \$2,222, and \$15,834, respectively. The full amount has been contributed for 2017, 2016, and 2015.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2017, 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

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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.

The Village's contributions to OPF for the years ending December 31, 2017, 2016, and 2015 were \$39,583, \$36,419, and \$33,934, respectively, of which \$1,015, \$1,893 and \$1,789, respectively, was allocated to the healthcare plan. The full amount has been contributed for 2017, 2016, and 2015.

Note 11 – Debt

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

	Interest Rate	Balance January 1, 2017	Issued	Retired	Balance December 31, 2017	Due Within One Year
<i>Governmental Activities</i>						
Municipal Building						
Refinance	4.0%	1,487,591	0	(82,854)	1,404,737	86,229
Capital Lease	2.808%	3,989	0	(3,989)	0	0
Total Governmental Activities		\$1,491,580	\$0	(\$86,843)	\$1,404,737	\$86,229
<i>Business-Type Activities</i>						
Sanitary Sewer System						
Revenue Bonds	4.5%	783,000	0	(22,000)	761,000	23,000
Ohio Water						
Development Authority						
Loans	1.5%-2.0%	3,636,936	2,883	(176,889)	3,462,930	130,378
Ohio Public Works						
Commission Loans	0.0%-2.0%	321,114	0	(23,860)	297,254	24,155
Capital Lease	2.808%	11,964	0	(11,964)	0	0
Total Business-Type Activities		\$4,753,014	\$ 2,883	(\$234,713)	\$4,521,184	\$177,533

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

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

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

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

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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, 2017 for governmental activities:

Year	Municipal Building Refinance	
	Principal	Interest
2018	\$86,229	\$54,617
2019	89,742	51,104
2020	93,262	47,585
2021	97,198	43,647
2022	101,158	39,686
2023-2027	570,971	133,258
2028-2031	366,177	21,147
Total	\$1,404,737	\$391,044

The following is a summary of the Village's future annual debt service requirements at December 31, 2017 for business-type activities:

Year	Sanitary Sewer Bonds	
	Principal	Interest
2018	\$23,000	\$34,245
2019	23,000	33,255
2020	25,000	32,220
2021	26,000	31,095
2022	27,000	29,925
2023-2027	154,000	130,365
2028-2032	193,000	92,385
2033-2037	236,000	45,315
2038-2042	54,000	2,475
Total	\$761,000	\$431,280

Year	OWDA Loans		OPWC Loans	
	Principal	Interest	Principal	Interest
2018	\$130,378	\$44,115	\$24,155	\$1,916
2019	132,543	41,951	24,456	1,615
2020	134,742	39,753	24,763	1,309
2021	137,069	37,426	25,076	995
2022	139,344	35,149	25,393	677
2023-2027	736,018	139,132	67,636	876
2028-2032	548,619	86,001	34,955	0
2033-2037	506,709	41,340	33,730	0
2038-2042	170,626	11,983	33,730	0
2043-2047	78,786	2,493	3,360	0
Total	\$2,714,834	\$479,343	\$297,254	\$7,388

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 12 – Contingent Liabilities

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

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

Note 13 – Jointly Governed Organization

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

Note 14 – Fund Balances

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

Fund Balances	General Fund	Fire & EMS Levy	Pool Bond	Other Governmental Funds	Total
Restricted for					
Road Improvements				\$126,163	\$126,163
Police Operations				16,199	16,199
Police Training				3,800	3,800
Drug & Alcohol Education & Enforcement				12,994	12,994
Cemetery				2,155	2,155
Fire Equipment Grant				179	179
Leisure Time Activities				28,592	28,592
Debt Service			\$9,372		9,372
<i>Total Restricted</i>	\$0	\$0	9,372	190,082	199,454
Unassigned (deficits):	482,002	(152,454)			329,548
<i>Total Fund Balances</i>	\$482,002	(\$152,454)	\$9,372	\$190,082	\$529,002

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 15 – Financial Condition

As of December 31, 2017, the Village had a deficit cash-basis fund balance of \$152,454 in its Fire and EMS Levy Fund. Further, for the year ended December 31, 2017 the Village had cash-basis gains from governmental operations of \$214,642. 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 2017 the Water Fund and Sewer Fund transferred \$160,000 and \$201,000, 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.

During 2017, per Ordinance 17-04, the General Fund advanced the Fire & EMS Levy Fund \$11,000 as money to be used for any grant writing and was paid back by the Fire & EMS Levy during 2017.

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**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, 2017 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 8, 2018, 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 Finding 2017-001 described in the accompanying schedule of findings to be material weakness.

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 2017-001 and 2017-002.

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 8, 2018

**VILLAGE OF NEW LEXINGTON
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017**

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

FINDING NUMBER 2017-001

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, 2017, the Fire & EMS Levy Fund had a negative fund balance of \$152,624.

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 2017-002

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 \$194,553.

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 PRIOR AUDIT FINDINGS
December 31, 2017**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2016-001	Noncompliance and Material Weakness Negative Fund Balances for Fire & EMS Levy Fund	No	Not Corrected Reported as Finding 2017-001
2016-002	Noncompliance 5705.36(A) certify actual revenue is less than on Amended Certificate	Yes	Finding No Longer Valid
2016-003	Noncompliance 5705.39, appropriations exceeding available resources	No	Not Corrected Reported as Finding 2017-002
2016-004	Material Weakness Adjustments and reclassifications	Yes	Finding No Longer Valid



Dave Yost • Auditor of State

VILLAGE OF NEW LEXINGTON

PERRY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 5, 2018