



OHIO AUDITOR OF STATE  
**KEITH FABER**





**VILLAGE OF NEW LEXINGTON  
PERRY COUNTY  
DECEMBER 31, 2020**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of New Lexington, Perry County, Ohio (the Village), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise 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 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 such 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.

### ***Basis for Opinion Qualification on Remaining Fund Information***

Charges for Services are reported at \$13,995 for the year ended December 31, 2020, which are eight percent of Remaining Fund Information receipts for the year ended December 31, 2020. We were unable

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to obtain assurances over completeness for the Charges for Services receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

**Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the *Basis for Opinion Qualification on Remaining Fund Information* paragraph, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of New Lexington, Perry County, as of December 31, 2020, and the respective changes in cash financial position and where applicable cash flows and the respective budgetary comparisons for the General, Fire & EMS Levy, Street Construction Maintenance & Repair, and the Coronavirus Relief Funds 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 Matter**

As discussed in Note 15 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

**Other Matters**

*Other Information*

We applied no procedures to Management's Discussion & Analysis as listed in the Table of Contents. 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 our report dated November 4, 2021, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 4, 2021

**Village of New Lexington**  
**Perry County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2020*  
*(Unaudited)*

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The management's discussion and analysis of the Village of New Lexington's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2020, 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 2020 are as follows:

- The total net position of the Village increased \$409,396. Net position of governmental activities increased \$291,142 and net position of business-type activities increased \$118,254 for 2020.
- General cash receipts of Governmental Activities totaled \$1,599,968 and amounted to 54% of total cash receipts. Program specific cash receipts accounted for \$1,340,901 or 46% of total governmental activities cash receipts. Total governmental activities cash receipts for 2020 were \$2,940,869.
- The Village had \$2,649,727 in cash disbursements related to governmental activities; \$1,340,901 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 \$1,308,826 were offset by general cash receipts (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$1,599,968.
- The Village's major governmental funds are the General Fund, Fire and EMS Levy, Street Construction Maintenance and Repair and the Coronavirus Relief Special Revenue Funds. The General Fund had cash receipts of \$1,356,983 and cash disbursements and other financing uses of \$1,377,520. The net decrease in fund balance for the General Fund was \$20,537.
- The Fire and EMS Levy Fund had cash receipts of \$739,752 and cash disbursements of \$626,171. The net increase in fund balance was \$113,581.
- The Street Construction Maintenance and Repair Fund had cash receipts of \$292,195 and cash disbursements of \$247,454. The net increase in fund balance was \$44,741.
- The Coronavirus Relief Fund had cash receipts of \$378,861 and cash disbursements of \$227,337. The net increase in fund balance was \$151,524.
- The Water Fund had cash receipts \$1,108,379 and disbursements of \$950,213 in 2020. The net change in net position was an increase of \$158,166.
- The Sewer Fund had cash receipts of \$1,013,472 and disbursements of \$1,051,137 in 2020. The net change in net position was a decrease of \$37,665.

**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

**Village of New Lexington**  
**Perry County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2020*  
*(Unaudited)*

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provide the next level of detail. The fund financial statements look at the Village's most significant funds with all other nonmajor funds presented in total in one column.

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

Since the Village uses the cash basis of accounting, certain assets and their related revenues and liabilities and their related expenses are not recorded on these financial statements. Therefore, when reviewing the financial information 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 2020?" 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, 2020*  
*(Unaudited)*

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*Governmental Funds*

Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund, Fire and EMS, Street Construction Maintenance and Repair, and the Coronavirus Relief 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 2020.

	Net Position	
	Governmental Activities	Business-Type Activities
	2020	2020
Assets:		
Cash and investments	\$860,069	\$2,250,358
Total assets	\$860,069	\$2,250,358
Net position:		
Restricted	\$503,293	\$0
Unrestricted (deficit)	356,776	2,250,358
Total net assets	\$860,069	\$2,250,358

The total net position of the Village was \$3,110,427.

**Village of New Lexington**  
**Perry County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2020*  
*(Unaudited)*

The table below provides a summary of the Village's net position for 2020.

	Change in Net Position	
	Governmental	Business-Type
	Activities	Activities
	2020	2020
Cash receipts:		
Program cash receipts:		
Charges for services and sales	\$669,468	\$1,936,206
Operating grants and contributions	661,697	0
Capital grants and contributions	9,736	0
Total program cash receipts	1,340,901	1,936,206
General cash receipts:		
Property taxes	198,103	0
Income taxes	1,018,673	0
Other local taxes	75,436	0
Unrestricted grants and entitlements	109,527	0
Loans Issued	0	123,587
Interest	7,543	0
Sale of capital assets	0	0
Cable franchise fees	31,164	0
Miscellaneous	159,522	62,058
Extraordinary Items	0	0
Total general cash receipts	1,599,968	185,645
Total cash receipts	2,940,869	2,121,851
Cash disbursements:		
General government	482,178	0
Security of persons and property	1,576,993	0
Leisure time activities	55,404	0
Health	32,053	0
Community Environment	0	0
Transportation	264,555	0
Capital outlay	59,380	0
Debt service:		
Principal	126,450	0
Interest and fiscal charges	52,714	0
Other	0	2,247
Water	0	950,213
Sewer	0	1,051,137
Total cash disbursements	2,649,727	2,003,597
Change in net position	291,142	118,254
Net position, beginning of year	568,927	2,132,104
Net position, end of year	\$860,069	\$2,250,358

**Village of New Lexington**  
**Perry County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2020*  
*(Unaudited)*

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Governmental activities net position increased \$291,142 in 2020. Security of persons and property, which primarily supports the operations of the police, fire, and emergency medical services departments, accounted for \$1,576,993 of the total cash disbursements of the Village. General cash receipts totaled \$1,599,968 and amounted to 54% 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 2020	Net Cost of Services 2020
Program cash disbursements:		
General government	\$482,178	\$473,395
Security of persons and property	1,576,993	931,462
Leisure time activity	55,404	40,259
Community Environment	0	(6,310)
Health	32,053	(358,400)
Transportation	264,555	(2,649)
Capital Outlay	59,380	59,380
Basic Utility Services	0	(7,475)
Debt service:		
Principal	126,450	126,450
Interest and fiscal charges	52,714	52,714
Other	0	0
<b>Total</b>	<b>\$2,649,727</b>	<b>\$1,308,826</b>

*Business-Type Activities*

Business-type activities include the water and sewer funds. These major funds had program cash receipts of \$1,936,206, general cash receipts of \$185,645 and cash disbursements of \$2,003,597 for 2020.

**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, 2020*  
*(Unaudited)*

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The Village's governmental funds reported a combined fund cash balance of \$860,069. The schedule below indicates the fund cash balance as of December 31, 2020 for all major and nonmajor governmental funds.

	Fund Balances 12/31/2020
Major funds:	
General	\$356,776
Fire and EMS	85,504
Street Construction Maintenance & Repair	141,014
Coronavirus Relief Fund	151,524
Other governmental funds	125,251
Total	\$860,069

**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, Fire and EMS Levy, Street Construction Maintenance and Repair, and Coronavirus Relief Fund. In the General Fund, the actual cash receipts and other financing sources were \$1,356,983 and actual cash disbursements and other financing uses were \$1,403,678.

**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 \$59,380 in governmental funds during 2020.

*Debt Administration*

The Village had the following long-term obligations outstanding at December 31, 2020:

	Governmental Activities 2020
General obligation notes	1,313,032
General obligation capital leases	0
Total long-term obligations	\$1,313,032
	Business-Type Activities 2020
Sanitary Sewer revenue bonds	\$691,000
OWDA loans	5,018,727
OPWC loans	459,095
Total long-term obligations	\$6,168,822

**Village of New Lexington**  
**Perry County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2020*  
*(Unaudited)*

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See Note 9 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 Heidi Milner, Fiscal Officer, Village of New Lexington, 215 South Main Street, New Lexington, Ohio 43764.

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**Village of New Lexington**  
*Perry County*  
*Statement of Net Position - Cash Basis*  
*December 31, 2020*

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$860,069	\$2,250,358	\$3,110,427
<i>Total Assets</i>	<u>\$860,069</u>	<u>\$2,250,358</u>	<u>\$3,110,427</u>
<b>Net Position</b>			
Restricted for:			
Other Purposes	\$503,293	\$0	\$503,293
Unrestricted	356,776	2,250,358	2,607,134
<i>Total Net Position</i>	<u>\$860,069</u>	<u>\$2,250,358</u>	<u>\$3,110,427</u>

See accompanying notes to the basic financial statements

**Village of New Lexington**  
*Perry County*  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2020*

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
Current:				
Security of Persons and Property	\$1,576,993	\$608,444	\$37,087	\$0
Public Health Services	32,053	0	390,453	0
Leisure Time Activities	55,404	13,995	1,150	0
Community Environment	0	6,310	0	0
Basic Utility Services	0	7,475	0	0
Transportation	264,555	24,461	233,007	9,736
General Government	482,178	8,783	0	0
Capital Outlay	59,380	0	0	0
Debt Service:				
Principal Retirement	126,450	0	0	0
Interest and Fiscal Charges	52,714	0	0	0
<i>Total Governmental Activities</i>	<u>2,649,727</u>	<u>669,468</u>	<u>661,697</u>	<u>9,736</u>
<b>Business-Type Activities</b>				
Water Operating	950,213	1,077,633	0	0
Sewer Operating	1,051,137	858,573	0	0
Guaranteed Water Deposits	2,247	0	0	0
<i>Total Business-Type Activities</i>	<u>2,003,597</u>	<u>1,936,206</u>	<u>0</u>	<u>0</u>
<i>Total Primary Government</i>	<u>\$4,653,324</u>	<u>\$2,605,674</u>	<u>\$661,697</u>	<u>\$9,736</u>

General Receipts:  
Property Taxes  
Income Taxes  
Other Local Taxes  
Grants and Entitlements not Restricted to Specific Programs  
Loans Issued  
Cable Franchise Fees  
Earnings on Investments  
Miscellaneous

*Total General Receipts, Contributions to Permanent Fund,  
Special Item, Extraordinary Item, Transfers and Advances*

Change in Net Position

*Net Position Beginning of Year*

*Net Position End of Year*

See accompanying notes to the basic financial statements



Net (Disbursements) Receipts and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(\$931,462)	\$0	(\$931,462)
358,400	0	358,400
(40,259)	0	(40,259)
6,310	0	6,310
7,475	0	7,475
2,649	0	2,649
(473,395)	0	(473,395)
(59,380)	0	(59,380)
(126,450)	0	(126,450)
(52,714)	0	(52,714)
(1,308,826)	0	(1,308,826)
0	127,420	127,420
0	(192,564)	(192,564)
0	(2,247)	(2,247)
0	(67,391)	(67,391)
(1,308,826)	(67,391)	(1,376,217)
198,103	0	198,103
1,018,673	0	1,018,673
75,436	0	75,436
109,527	0	109,527
0	123,587	123,587
31,164	0	31,164
7,543	0	7,543
159,522	62,058	221,580
1,599,968	185,645	1,785,613
291,142	118,254	409,396
568,927	2,132,104	2,701,031
\$860,069	\$2,250,358	\$3,110,427

**Village of New Lexington**  
*Perry County*  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*December 31, 2020*

	General	Fire & EMS Levy
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$356,776	\$85,504
<i>Total Assets</i>	\$356,776	\$85,504
 <b>Fund Balances</b>		
Restricted	\$0	\$85,504
Assigned	26,158	0
Unassigned (Deficit)	330,618	0
<i>Total Fund Balances</i>	\$356,776	\$85,504

See accompanying notes to the basic financial statements

<u>Street Construction Maintenance &amp; Repair</u>	<u>Coronavirus Relief</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$141,014	\$151,524	\$125,251	\$860,069
\$141,014	\$151,524	\$125,251	\$860,069
\$141,014	\$151,524	\$125,251	\$503,293
0	0	0	26,158
0	0	0	330,618
\$141,014	\$151,524	\$125,251	\$860,069

**Village of New Lexington**  
*PerryCounty*  
*Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2020*

	General	Fire & EMS Levy	Street Construction Maintenance & Repair	Coronavirus Relief
<b>Receipts</b>				
Municipal Income Taxes	\$1,018,673	\$0	\$0	\$0
Property Taxes	66,904	68,540	0	0
Other Local Taxes	0	0	55,404	0
Intergovernmental	102,239	61,109	221,569	378,861
Charges for Services	7,475	560,502	0	0
Fines, Licenses and Permits	38,171	3,750	4,000	0
Earnings on Investments	7,543	0	0	0
Miscellaneous	115,978	45,851	11,222	0
<i>Total Receipts</i>	<u>1,356,983</u>	<u>739,752</u>	<u>292,195</u>	<u>378,861</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	822,806	525,480	0	227,337
Public Health Services	0	0	0	0
Leisure Time Activities	1,458	0	0	0
Transportation	2,210	0	234,814	0
General Government	472,573	0	0	0
Capital Outlay	0	0	12,640	0
Debt Service:				
Principal Retirement	50,772	75,678	0	0
Interest and Fiscal Charges	27,701	25,013	0	0
<i>Total Disbursements</i>	<u>1,377,520</u>	<u>626,171</u>	<u>247,454</u>	<u>227,337</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(20,537)</u>	<u>113,581</u>	<u>44,741</u>	<u>151,524</u>
<i>Net Change in Fund Balances</i>	(20,537)	113,581	44,741	151,524
<i>Fund Balances Beginning of Year</i>	<u>377,313</u>	<u>(28,077)</u>	<u>96,273</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u><u>\$356,776</u></u>	<u><u>\$85,504</u></u>	<u><u>\$141,014</u></u>	<u><u>\$151,524</u></u>

See accompanying notes to the basic financial statements

Other Governmental Funds	Total Governmental Funds
\$0	\$1,018,673
60,847	196,291
44,493	99,897
28,800	792,578
13,995	581,972
336	46,257
0	7,543
24,607	197,658
<u>173,078</u>	<u>2,940,869</u>
1,370	1,576,993
32,053	32,053
53,946	55,404
27,531	264,555
9,605	482,178
46,740	59,380
0	126,450
0	52,714
<u>171,245</u>	<u>2,649,727</u>
<u>1,833</u>	<u>291,142</u>
1,833	291,142
<u>123,418</u>	<u>568,927</u>
<u>\$125,251</u>	<u>\$860,069</u>

**Village of New Lexington**  
*Perry County*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Municipal Income Taxes	\$1,010,001	\$1,010,001	\$1,018,673	\$8,672
Property Taxes	76,000	76,000	66,904	(9,096)
Intergovernmental	90,100	86,350	102,239	15,889
Charges for Services	0	7,475	7,475	0
Fines, Licenses and Permits	35,625	34,610	38,171	3,561
Earnings on Investments	7,000	7,000	7,543	543
Miscellaneous	64,150	61,050	115,978	54,928
<i>Total Receipts</i>	1,282,876	1,282,486	1,356,983	74,497
<b>Disbursements</b>				
Current:				
Security of Persons and Property	937,742	920,958	841,644	79,314
Leisure Time Activities	11,850	2,500	1,998	502
Community Environment	80,000	55,000	0	55,000
Transportation	0	35,661	2,210	33,451
General Government	544,048	559,029	479,353	79,676
Debt Service:				
Principal Retirement	52,800	51,000	50,772	228
Interest and Fiscal Charges	26,400	28,200	27,701	499
<i>Total Disbursements</i>	1,652,840	1,652,348	1,403,678	248,670
<i>Excess of Receipts Over (Under) Disbursements</i>	(369,964)	(369,862)	(46,695)	323,167
<i>Net Change in Fund Balance</i>	(369,964)	(369,862)	(46,695)	323,167
<i>Unencumbered Fund Balance Beginning of Year</i>	366,298	366,298	366,298	0
<i>Prior Year Encumbrances Appropriated</i>	11,015	11,015	11,015	0
<i>Unencumbered Fund Balance End of Year</i>	\$7,349	\$7,451	\$330,618	\$323,167

See accompanying notes to the basic financial statements

**Village of New Lexington**  
*Perry County*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Fire & EMS Levy Fund*  
*For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property Taxes	\$75,500	\$74,100	\$68,540	(\$5,560)
Intergovernmental	39,473	27,497	61,109	33,612
Charges for Services	602,000	587,029	560,502	(26,527)
Fines, Licenses and Permits	3,800	3,800	3,750	(50)
Miscellaneous	8,000	14,290	45,851	31,561
<i>Total Receipts</i>	<i>728,773</i>	<i>706,716</i>	<i>739,752</i>	<i>33,036</i>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	613,394	689,566	552,260	137,306
Debt Service:				
Principal Retirement	77,680	76,280	75,678	602
Interest and Fiscal Charges	24,190	25,590	25,013	577
<i>Total Disbursements</i>	<i>715,264</i>	<i>791,436</i>	<i>652,951</i>	<i>138,485</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>13,509</i>	<i>(84,720)</i>	<i>86,801</i>	<i>171,521</i>
<i>Net Change in Fund Balance</i>	<i>13,509</i>	<i>(84,720)</i>	<i>86,801</i>	<i>171,521</i>
<i>Unencumbered Fund Balance Beginning of Year</i>	<i>(30,178)</i>	<i>(30,178)</i>	<i>(30,178)</i>	<i>0</i>
Prior Year Encumbrances Appropriated	2,101	2,101	2,101	0
<i>Unencumbered Fund Balance End of Year</i>	<i>(\$14,568)</i>	<i>(\$112,797)</i>	<i>\$58,724</i>	<i>\$171,521</i>

See accompanying notes to the basic financial statements

**Village of New Lexington**  
*Perry County*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Street Construction Maintenance & Repair Fund*  
*For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Other Local Taxes	\$27,500	\$38,300	\$55,404	\$17,104
Intergovernmental	195,000	195,500	221,569	26,069
Fines, Licenses and Permits	0	0	4,000	4,000
Miscellaneous	1,000	3,300	11,222	7,922
<i>Total Receipts</i>	223,500	237,100	292,195	55,095
<b>Disbursements</b>				
Current:				
Transportation	144,118	288,012	252,344	35,668
Capital Outlay	0	38,761	38,761	0
<i>Total Disbursements</i>	144,118	326,773	291,105	35,668
<i>Excess of Receipts Over (Under) Disbursements</i>	79,382	(89,673)	1,090	90,763
<i>Net Change in Fund Balance</i>	79,382	(89,673)	1,090	90,763
<i>Unencumbered Fund Balance Beginning of Year</i>	89,963	89,963	89,963	0
Prior Year Encumbrances Appropriated	6,311	6,311	6,311	0
<i>Unencumbered Fund Balance End of Year</i>	\$175,656	\$6,601	\$97,364	\$90,763

See accompanying notes to the basic financial statements



**Village of New Lexington**  
*Perry County*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Coronavirus Relief Fund*  
*For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$0	\$378,861	\$378,861	\$0
<i>Total Receipts</i>	<u>0</u>	<u>378,861</u>	<u>378,861</u>	<u>0</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	0	378,861	378,861	0
<i>Total Disbursements</i>	<u>0</u>	<u>378,861</u>	<u>378,861</u>	<u>0</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Unencumbered Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

**Village of New Lexington**  
*Perry County*  
*Statement of Fund Net Position - Cash Basis*  
*Proprietary Funds*  
*December 31, 2020*

	Business-Type Activities			Total Enterprise Funds
	Water Operating	Sewer Operating	Other Enterprise Funds	
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,969,080	\$254,586	\$26,692	\$2,250,358
<i>Total Assets</i>	<u>\$1,969,080</u>	<u>\$254,586</u>	<u>\$26,692</u>	<u>\$2,250,358</u>
<b>Net Position</b>				
Unrestricted	\$1,969,080	\$254,586	\$26,692	\$2,250,358
<i>Total Net Position</i>	<u>\$1,969,080</u>	<u>\$254,586</u>	<u>\$26,692</u>	<u>\$2,250,358</u>

See accompanying notes to the 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, 2020*

	Business-Type Activities			Total Enterprise Funds
	Water Operating	Sewer Operating	Other Enterprise Funds	
<b>Operating Receipts</b>				
Charges for Services	\$1,077,633	\$858,573	\$0	\$1,936,206
Miscellaneous	30,007	30,565	0	60,572
<i>Total Operating Receipts</i>	1,107,640	889,138	0	1,996,778
<b>Operating Disbursements</b>				
Personal Services	222,130	223,228	0	445,358
Employee Fringe Benefits	96,839	93,478	0	190,317
Contractual Services	250,609	245,702	0	496,311
Supplies and Materials	179,871	65,025	0	244,896
Other	57,177	0	2,247	59,424
<i>Total Operating Disbursements</i>	806,626	627,433	2,247	1,436,306
<i>Operating Income (Loss)</i>	301,014	261,705	(2,247)	560,472
<b>Non-Operating Receipts (Disbursements)</b>				
Loans Issued	0	123,587	0	123,587
Miscellaneous Receipts	739	747	0	1,486
Capital Outlay	(27,230)	(140,985)	0	(168,215)
Principal Retirement	(85,406)	(211,245)	0	(296,651)
Interest and Other Fiscal Charges	(30,951)	(71,474)	0	(102,425)
<i>Total Non-Operating Receipts (Disbursements)</i>	(142,848)	(299,370)	0	(442,218)
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	158,166	(37,665)	(2,247)	118,254
Transfers In	0	227,000	0	227,000
Transfers Out	0	(227,000)	0	(227,000)
<i>Change in Net Position</i>	158,166	(37,665)	(2,247)	118,254
<i>Net Position Beginning of Year</i>	1,810,914	292,251	28,939	2,132,104
<i>Net Position End of Year</i>	\$1,969,080	\$254,586	\$26,692	\$2,250,358

See accompanying notes to the basic financial statements

**Village of New Lexington**  
*Perry County*  
*Statement of Cash Flows - Cash Basis*  
*Proprietary Funds*  
*For the Year Ended December 31, 2020*

	Business-Type Activities			Total Enterprise Funds
	Water Operating	Sewer Operating	Other Enterprise Funds	
<b>Increase (Decrease) in Cash and Cash Equivalents</b>				
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers	\$1,077,633	\$858,573	\$0	\$1,936,206
Other Cash Receipts	30,007	30,565	0	60,572
Cash Payments to Employees for Services	(222,130)	(223,228)	0	(445,358)
Cash Payments for Employee Benefits	(96,839)	(93,478)	0	(190,317)
Cash Payments for Goods and Services	(430,480)	(310,727)	0	(741,207)
Other Cash Payments	(57,177)	0	(2,247)	(59,424)
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>301,014</u>	<u>261,705</u>	<u>(2,247)</u>	<u>560,472</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Other Cash Receipts	739	747	0	1,486
Transfers In	0	227,000	0	227,000
Transfers Out	0	(227,000)	0	(227,000)
<i>Net Cash Provided by (Used in) Noncapital Financing Activities</i>	<u>739</u>	<u>747</u>	<u>0</u>	<u>1,486</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Proceeds from Loans Issued		123,587		123,587
Principal Paid on Debt	(85,406)	(211,245)		(296,651)
Interest Paid on Debt	(30,951)	(71,474)		(102,425)
Payments for Capital Acquisitions	(27,230)	(140,985)		(168,215)
<i>Net Cash Provided by (Used in) Capital and Related Financing Activities</i>	<u>(143,587)</u>	<u>(300,117)</u>	<u>0</u>	<u>(443,704)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	158,166	(37,665)	(2,247)	118,254
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>1,810,914</u>	<u>292,251</u>	<u>28,939</u>	<u>2,132,104</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$1,969,080</u></u>	<u><u>\$254,586</u></u>	<u><u>\$26,692</u></u>	<u><u>\$2,250,358</u></u>

See accompanying notes to the basic financial statements

**Village of New Lexington**  
**Perry County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The Village of New Lexington, Perry County, (the Village) is a home rule municipal corporation established to exercise the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The Village operates under its own Charter, a home-rule municipality as defined by Title 7 of the Ohio Revised Code. The Village operates under a Council-Mayor form of government. The Mayor and seven council members are elected by separate ballot from the municipality at large for four year terms. President of Council is elected by a majority vote of Council from among its membership for a term of one year. The Mayor may not veto any legislation passed by Council. In addition to establishing Village policies, Council is responsible for passing ordinances, adopting the budget, and appointing boards and commissions. The Mayor is responsible for carrying out the policies and ordinances of Council, establishing the budget, overseeing the day-to-day operations of the Village and 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 12 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 the "Basis of Accounting" section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village's accounting policies.

Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net position, 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

**Village of New Lexington**  
**Perry County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or 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 program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the Village.

#### *Fund Financial Statements*

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

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 three categories: governmental, proprietary and fiduciary.

#### *Governmental Funds*

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

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

*Fire and EMS Levy* – 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.

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

**Village of New Lexington**  
**Perry County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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*Coronavirus Relief* – The coronavirus relief fund accounts for and reports the the CARES Act funds received by the Village.

The other governmental funds of the Village account for and report grants and other resources whose use is restricted, committed or assigned to a particular purpose.

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

*Sewer* – 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. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned, and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

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

Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Village Council may appropriate.

The appropriations ordinance is Village Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by Village Council. The legal level of control has been established by Village Council at the fund, 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 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

**Village of New Lexington**  
**Perry County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Village Council during the year.

Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2020, the Village invested in nonnegotiable certificates of deposit which are reported at cost. Interest earnings are allocated to Village funds according to State statutes, codified ordinances of the Village, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2020 were \$7,543.

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 2020.

Inventory and Prepaid Items

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

Capital Assets

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

Interfund Receivables/Payables

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

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village’s cash basis of accounting.



**Village of New Lexington**  
**Perry County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. 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 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. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans. At December 31, 2020, 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

**Village of New Lexington**  
**Perry County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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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 Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

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

Internal Activity

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

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

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.

**Note 3 – Compliance**

Compliance

Contrary to Ohio Revised Code § 5705.39, appropriations exceeded the amount certified as available by the budget commission in the Fire & EMS Levy Fund.

Contrary to Ohio Revised Code § 5705.41(B), expenditures exceeded appropriations in the Sewer Operating Fund.

**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, Fire and EMS Levy, Street Construction Maintenance and Repair, and Coronavirus Relief 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

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encumbrances are treated as cash 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	\$ 28,158
Fire and EMS Levy Fund	\$ 26,780
Street Construction Maintenance & Repair	\$ 43,650
Coronavirus Relief	\$ 151,524

**Note 5 – Deposits and Investments**

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

Active deposits are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts, including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) and by eligible securities pledged by the financial institution as security for repayment of all public monies deposited in the financial institution.

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, 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 including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

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6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

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

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

The Village did not have any undeposited cash hand.

#### Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the Village's bank balance of \$3,524,320 was either insured by the Federal Deposit Insurance Corporation or collateralized by pledged securities of its banking institution as described below.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

Eligible securities pledged to the Village and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least one hundred five percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be one hundred two percent of the deposits being secured or a rate set by the Treasurer of State.

#### Investments

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

*Credit Risk* – The Village's 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.

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*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, 2025, was insured by the Federal Deposit Insurance Corporation.

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. One hundred percent of the Village’s investments are in a nonnegotiable certificate of deposit.

Reconciliation of Cash and Investments

The Village’s equity in pooled cash and investments of \$3,110,427 at December 31, 2020 is comprised of the carrying amount of the Village’s deposits and investments (certificate of deposit) of \$3,034,022 and \$76,405, respectively.

**Note 6 – Taxes**

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2020 for real and public utility property taxes represents collections of 2019 taxes.

2020 real property taxes are levied after October 1, 2020, on the assessed value as of January 1, 2020, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2020 real property taxes are collected in and intended to finance 2021.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2020 public utility property taxes which became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2020 was \$5.70 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2020 property tax receipts were based was \$59,862,560. This amount consisted of \$55,167,930 and \$4,694,630 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.

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

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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 2020, the receipts were allocated to the General Fund in the amount of \$1,018,673.

**Note 7 – 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.

Risk Pool Membership

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

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

	2020
Cash and Investments	\$40,318,971
Actuarial Liabilities	\$14,111,510

**Note 8 – Defined Benefit Pension Plans**

Plan Description - Ohio Public Employees Retirement System

Village employees, other than full-time police, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

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

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

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

	State and Local	Public Safety	Law Enforcement
<b>2020 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee ***	10.0 %	*	**
 <b>2020 Actual Contribution Rates</b>			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0	0.0	0.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %

- \* This rate is determined by OPERS' Board and has no maximum rate established by ORC.
- \*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.
- \*\*\* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.
- \*\*\*\* This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4 percent.



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

The Village's contractually required contribution was \$148,764 for year 2020.

Plan Description - Ohio Police and Fire Pension Fund

Village full-time police participate in the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

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

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

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

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percentage increase, if any, in the consumer price index over the 12 month period ending on September 30<sup>th</sup> 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.

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

	Police	Firefighters
<b>2020 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 <b>2020 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
 Employee	 12.25 %	 12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Village’s contractually required contribution to OP&F was \$51,598 for 2020.

Social Security

Several Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2020.

**Note 9 – Postemployment Benefits**

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional pension and the Combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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

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

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

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer’s contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, State and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2020, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2020 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village’s contractually required contribution was \$148,764 for 2020. The full amount has been contributed for 2020.

Ohio Police and Fire Pension Fund

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

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary

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information for the plan. The report may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2020, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contractually required contribution to OP&F was \$51,598 for 2020. The full amount has been contributed for 2020.

**Note 10 – Debt**

The changes in the Village's debt during 2020 were as follows:

	Interest Rate	Restated Balance, January 1, 2020	Issued	Retired	Balance, December 31, 2020	Due Within One Year
<i>Governmental Activities</i>						
Municipal Building Refinance Note	4.00%	\$1,234,687	\$0	(\$92,314)	\$1,142,373	\$99,705
Medic Squad Note	2.90%	134,119	0	(29,754)	104,365	30,815
Fire Equipment Loan	6.00%	81,754	0	(15,460)	66,294	16,654
<b>Total Governmental Activities</b>		<b>\$1,450,560</b>	<b>\$0</b>	<b>(\$137,528)</b>	<b>\$1,313,032</b>	<b>\$147,174</b>
<i>Business-Type Activities</i>						
Sanitary Sewer System Revenue Bonds	4.50%	716,000	0	(25,000)	691,000	26,000
Ohio Water Development Authority Loan	0.75%-2.0%	5,152,460	112,069	(245,802)	5,018,727	124,089
Ohio Public Works Commission Loans	0.0%-2.0%	462,347	11,518	(14,770)	459,095	14,842
<b>Total Business-Type Activities</b>		<b>\$6,330,807</b>	<b>\$123,587</b>	<b>(\$285,572)</b>	<b>\$6,168,822</b>	<b>\$164,931</b>

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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/loans 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 payable from the user charges assessed for water and sewer services. These loans were used for the construction of a sewer pumping station, equalization basin project and wastewater treatment plant.

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

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

The following is a summary of the Village’s future annual debt service requirements at December 31, 2020 for governmental activities:

Year	Municipal Building Refinance		Medic Squad Loan		Fire Equipment Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$97,198	\$42,975	\$30,815	\$2,616	\$16,654	\$3,521
2022	101,158	39,831	31,720	1,711	17,681	2,493
2023	107,023	35,641	32,652	778	18,772	1,403
2024	111,294	31,372	9,178	48	13,187	297
2025	115,923	26,745	0	0	0	0
2026-2030	609,777	59,199	0	0	0	0
<b>Total</b>	<b>\$1,142,373</b>	<b>\$235,763</b>	<b>\$104,365</b>	<b>\$5,153</b>	<b>\$66,294</b>	<b>\$7,714</b>

**Village of New Lexington**  
**Perry County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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The following is a summary of the Village's future annual debt service requirements at December 31, 2020 for business-type activities:

Year	Sanitary Sewer Bonds		OWDA Loans		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$26,000	\$31,095	\$124,089	\$30,604	\$29,752	\$943
2022	26,000	29,925	250,581	58,805	30,039	656
2023	29,000	28,710	253,825	55,561	26,445	364
2024	29,000	27,450	257,086	52,270	22,740	182
2025	31,000	26,145	260,455	48,931	19,170	37
2026-2030	175,000	108,630	1,227,780	195,152	77,457	0
2031-2035	219,000	65,250	1,170,327	122,503	77,457	0
2036-2040	156,000	14,355	748,823	61,335	77,457	0
2041-2045	0	0	540,572	28,420	63,966	0
2046-2050	0	0	185,189	6,132	34,612	0
Total	\$691,000	\$331,560	\$5,018,727	\$659,713	\$459,095	\$2,182

**Note 11 – Contingent Liabilities**

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

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 12 – 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.

**Village of New Lexington**  
**Perry County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 13 – 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	Street Construction Maintenance & Repair	Coronavirus Relief	Other Governmental Funds	Total
<b>Restricted for</b>						
Road Improvements			\$141,014		\$37,034	\$178,048
Police Operations					42,617	42,617
Police Training					9,270	9,270
Drug & Alcohol						
Education & Cemetery					10,823	10,823
Leisure Time Activities					2,326	2,326
Fire Operations		\$85,504			23,002	23,002
Coronavirus Relief				\$151,524		151,524
Fire Equipment Grant					179	179
<i>Total Restricted</i>	<u>\$0</u>	<u>85,504</u>	<u>141,014</u>	<u>151,524</u>	<u>125,251</u>	<u>503,293</u>
Assigned (Encumbrances)	26,158					26,158
Unassigned	330,618					330,618
<i>Total Fund Balances</i>	<u>\$356,776</u>	<u>\$85,504</u>	<u>\$141,014</u>	<u>\$151,524</u>	<u>\$125,251</u>	<u>\$860,069</u>

**Note 14 – Transfers**

Transfers of \$220, \$95,000 and \$131,780 were made in 2020 from the Sewer Fund to the Sewer Bond Fund per ordinance to pay for debt.

**Note 15 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The Village’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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# OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of New Lexington, Perry County, Ohio, (the Village), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated November 4, 2021, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles. We noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village. We qualified our opinion on the Charges for Services receipts for the Remaining Fund Information opinion unit since we were unable to assure completeness over those receipts.

### ***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider findings 2020-001 through 2020-004 to be material weaknesses.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village'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 financial statement. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2020-001 and 2020-002.

***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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 4, 2021

**VILLAGE OF NEW LEXINGTON  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2020-001**

**Noncompliance and Material Weakness**

Ohio Rev. Code § 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission. No appropriation measure shall become effective until the county auditor files a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as “estimated resources” because it includes unencumbered fund balances.

At December 31, 2020 the Village’s appropriations exceeded the amount certified as available by the budget commission in the Fire and EMS Levy Fund by \$112,829.

Failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the Village’s compliance monitoring policies and procedures could result in overspending and negative cash fund balances.

The Village should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the Village should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Village Council to reduce the appropriations.

**FINDING NUMBER 2020-002**

**Noncompliance and Material Weakness**

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village's Sewer Operating Fund had expenditures in excess of appropriations of \$43,599 as of December 31, 2020.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Village Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

**VILLAGE OF NEW LEXINGTON  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2020-003**

**Material Weakness**

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

Furthermore, Governmental Accounting Standards Board (GASB) Statement No. 34 paragraph 76 (as amended by Statement 37, paragraph 15) defines how major funds are determined and was codified as follows: GASB Cod. 2200.159 states that the main operating fund (the general fund or its equivalent) should always be reported as a major fund. Other individual governmental and enterprise funds should be reported in separate columns as major funds based on these criteria:

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

For the fiscal year ending December 31, 2020, the following misstatements were noted:

- The Street Construction Maintenance & Repair Fund and the Coronavirus Relief Fund were determined to be major funds in 2020 under GASB 34, however, were not presented as Major Funds within the Village's 2020 financial statements.
- OWDA debt proceeds in the amount of \$112,069 and OPWC debt proceeds in the amount of \$11,517 were recorded as Intergovernmental Revenue rather than Loans Issued within the Sewer Fund. There were also adjustments to the Debt note, including restating the beginning balance by \$120,000 for the OPWC loans.
- An expenditure in the amount of \$32,423 was recorded as an adjustment to receipt 321-2020 posted to the Fire & EMS Levy Fund, causing a misstatement by understating Intergovernmental Revenue and Security of Persons and Property expenditures both in the amount of \$32,423.
- Encumbrances were improperly reported as Assigned Fund Balance rather than Restricted Fund Balance for the Fire & EMS Levy Fund in the amount of \$26,780 and for the Other Governmental Funds in the amount of \$201,153.

Audit adjustments, with which management has agreed, are reflected in the accompanying financial statements and notes. In addition to the adjustments listed, we also identified additional immaterial adjusted and unadjusted differences ranging from \$402 to \$36,022 that we have brought to the Village's attention.

Incorrect financial statement account classifications and balances could result in inaccurate reporting of the Village's financial information.

Management should refer to the Village Officer's Handbook for proper classification and take additional care in posting transactions to the Village's ledgers and annual financial report in order to ensure the Village's year-end financial statements reflect the appropriate sources and uses of the Village's receipts and disbursements. Additionally, management should utilize the Auditor of State website to access resources to assist in accurate completion of the notes to the financial statements.

VILLAGE OF NEW LEXINGTON  
PERRY COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2020  
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2020-004

**Material Weakness**

The Village should design and operate a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for its public offices in certain categories. Furthermore, the Village should maintain an accounting system and accounting records sufficient to ensure the accountability over entity assets. In addition, the Village should have internal controls sufficient to assure that recorded transactions have occurred and are not fictitious.

The Village was unable to provide sufficient appropriate audit evidence supporting amounts recorded for Charges for Services for the Village's swimming pool. In 2020, the Village collected revenue for daily admissions to the pool, however, there did not appear to be adequate source documentation with numerical control and there did not appear to be any segregation of duties between the collection of monies and actual admission to the pool.

As a result, completeness over swimming pool receipts reported could not be reasonably assured.

The Village should implement a process to monitor admissions collected for the Village's swimming pool. The Village should establish segregation between the collection of admissions and admittance into the swimming pool.

**Officials' Response:** We did not receive a response from Officials to the above findings.

# New Lexington Finance

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2020

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	Noncompliance and Material Weakness - Negative Fund Balance in the Fire & EMS Levy Fund	Fully Corrected	
2019-002	Noncompliance 5705.39 – Appropriations exceeding Estimated Resources	Not Corrected	Corrected in 2021 with the elimination of the Fire and EMS Levy Fund Negative Fund Balance.
2019-003	Material Weakness – Reclassifications and Adjustments	Not Corrected	Reclassifications and Adjustments will be made in 2021 when possible in the accounting system.

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF NEW LEXINGTON**

**PERRY COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 11/18/2021**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)