

VILLAGE OF NEW LEXINGTON

PERRY COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2022 and 2021



OHIO AUDITOR OF STATE
KEITH FABER



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

We have reviewed the *Independent Auditor's Report* of the Village of New Lexington, Perry County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

December 06, 2023

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**VILLAGE OF NEW LEXINGTON
PERRY COUNTY
DECEMBER 31, 2022 AND 2021**

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**VILLAGE OF NEW LEXINGTON
PERRY COUNTY
DECEMBER 31, 2022 AND 2021**

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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 Audit of the Financial Statements

Opinion

We have audited the 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 years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village as of December 31, 2022 and 2021, and the respective changes in cash basis financial position and cash flows thereof and the budgetary comparison for the General, Fire and Emergency Management Services (EMS) Levy, and Street Construction, Maintenance and Repair funds for the years then ended in accordance with the cash basis of accounting described in Note 2.

Basis for Opinions

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

Emphasis of Matter - Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

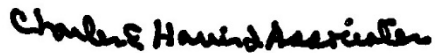
In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
September 15, 2023

Village of New Lexington, Ohio
Perry County
Statement of Net Position - Cash Basis
December 31, 2022

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 1,526,492	\$ 2,816,234	\$ 4,342,726
<i>Total Assets</i>	<u>1,526,492</u>	<u>2,816,234</u>	<u>4,342,726</u>
Net Position			
Restricted for:			
Other Purposes	840,396	-	840,396
Unrestricted	<u>686,096</u>	<u>2,816,234</u>	<u>3,502,330</u>
<i>Total Net Position</i>	<u>\$ 1,526,492</u>	<u>\$ 2,816,234</u>	<u>\$ 4,342,726</u>

See accompanying notes to the basic financial statements

Village of New Lexington, Ohio
Perry County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2022

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Current:				
Security of Persons and Property	\$ 2,076,885	\$ 754,284	\$ 2,123	\$ 246,600
Public Health Services	16,241	-	-	-
Leisure Time Activities	88,025	24,216	14,064	-
Community Environment	-	2,390	20,982	-
Transportation	212,243	-	241,989	8,800
General Government	363,558	5,857	-	-
Capital Outlay	37,232	-	-	-
Debt Service:				
Principal Retirement	142,677	-	-	-
Interest and Fiscal Charges	36,526	-	-	-
<i>Total Governmental Activities</i>	<u>2,973,387</u>	<u>786,747</u>	<u>279,158</u>	<u>255,400</u>
Business-Type Activities				
Water Operating	1,362,023	1,141,887	-	-
Sewer Operating	851,703	1,279,235	-	-
Guaranteed Water Deposits	1,943	-	-	-
<i>Total Business-Type Activities</i>	<u>2,215,669</u>	<u>2,421,122</u>	<u>-</u>	<u>-</u>
<i>Total Primary Government</i>	<u>5,189,056</u>	<u>3,207,869</u>	<u>279,158</u>	<u>255,400</u>

General Receipts:
Property Taxes Levied for:
 General Purposes
 Other Local Taxes
 Income Taxes
Grants and Entitlements not Restricted to Specific Programs
Sale of Capital Assets
Cable Franchise Fees
Earnings on Investments
Miscellaneous

Total General Receipts

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
\$ (1,073,878)	\$ -	\$ (1,073,878)
(16,241)	-	(16,241)
(49,745)	-	(49,745)
23,372	-	23,372
38,546	-	38,546
(357,701)	-	(357,701)
(37,232)	-	(37,232)
(142,677)	-	(142,677)
(36,526)	-	(36,526)
<u>(1,652,082)</u>	<u>-</u>	<u>(1,652,082)</u>
-	(220,136)	(220,136)
-	427,532	427,532
-	(1,943)	(1,943)
-	205,453	205,453
<u>(1,652,082)</u>	<u>205,453</u>	<u>(1,446,629)</u>
208,828	-	208,828
70,658	-	70,658
1,267,535	-	1,267,535
555,843	-	555,843
34,978	2,900	37,878
31,379	-	31,379
5,126	-	5,126
76,678	4,827	81,505
<u>2,251,025</u>	<u>7,727</u>	<u>2,258,752</u>
598,943	213,180	812,123
<u>927,549</u>	<u>2,603,054</u>	<u>3,530,603</u>
<u>\$ 1,526,492</u>	<u>\$ 2,816,234</u>	<u>\$ 4,342,726</u>

Village of New Lexington, Ohio
Perry County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2022

	General	Fire & EMS Levy	Street Construction Repair & Maintenance Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 686,096	\$ 259,140	\$ 236,634	\$ 344,622	\$ 1,526,492
<i>Total Assets</i>	<u>686,096</u>	<u>259,140</u>	<u>236,634</u>	<u>344,622</u>	<u>1,526,492</u>
Fund Balances					
Restricted	-	259,140	236,634	344,622	840,396
Assigned	85,387	-	-	-	85,387
Unassigned (Deficit)	600,709	-	-	-	600,709
<i>Total Fund Balances</i>	<u>\$ 686,096</u>	<u>\$ 259,140</u>	<u>\$ 236,634</u>	<u>\$ 344,622</u>	<u>\$ 1,526,492</u>

See accompanying notes to the basic financial statements

Village of New Lexington, Ohio
Perry County
Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2022

	General	Fire and EMS Levy	Street Construction Repair & Maintenance Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Municipal Income Taxes	\$ 1,267,535	\$ -	\$ -	\$ -	\$ 1,267,535
Property Taxes	74,081	71,200	-	63,547	208,828
Other Local Taxes	-	-	67,832	2,826	70,658
Intergovernmental	109,425	437,981	229,482	297,649	1,074,537
Special Assessments	-	-	-	800	800
Charges for Services	74,260	680,024	-	24,216	778,500
Fines, Licenses and Permits	39,071	400	-	155	39,626
Earnings on Investments	5,126	-	-	-	5,126
Miscellaneous	6,358	459	2,301	53,411	62,529
	<u>1,575,856</u>	<u>1,190,064</u>	<u>299,615</u>	<u>442,604</u>	<u>3,508,139</u>
<i>Total Receipts</i>					
Disbursements					
Current:					
Security of Persons and Property	907,418	1,079,871	-	89,596	2,076,885
Public Health Services	-	-	-	16,241	16,241
Leisure Time Activities	-	-	-	88,025	88,025
Transportation	-	-	207,759	4,484	212,243
General Government	329,069	-	-	25,000	354,069
Capital Outlay	-	-	-	37,232	37,232
Debt Service:					
Principal Retirement	67,791	84,375	-	-	152,166
Interest and Fiscal Charges	20,170	16,356	-	-	36,526
	<u>1,324,448</u>	<u>1,180,602</u>	<u>207,759</u>	<u>260,578</u>	<u>2,973,387</u>
<i>Total Disbursements</i>					
<i>Excess of Receipts Over (Under) Disbursements</i>					
	251,408	9,462	91,856	182,026	534,752
Other Financing Sources (Uses)					
Sale of Capital Assets	-	34,978	-	-	34,978
Transfers In	-	6,514	-	-	6,514
Transfers Out	-	-	-	(6,514)	(6,514)
Other Financing Sources	-	-	-	29,213	29,213
	<u>-</u>	<u>41,492</u>	<u>-</u>	<u>22,699</u>	<u>64,191</u>
<i>Total Other Financing Sources (Uses)</i>					
<i>Net Change in Fund Balances</i>					
	251,408	50,954	91,856	204,725	598,943
<i>Fund Balances Beginning of Year</i>					
	<u>434,688</u>	<u>208,186</u>	<u>144,778</u>	<u>139,897</u>	<u>927,549</u>
<i>Fund Balances End of Year</i>					
	<u>\$ 686,096</u>	<u>\$ 259,140</u>	<u>\$ 236,634</u>	<u>\$ 344,622</u>	<u>\$ 1,526,492</u>

See accompanying notes to the basic financial statements

Village of New Lexington, Ohio
Perry County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Municipal Income Taxes	\$ 1,010,001	\$ 1,030,001	\$ 1,267,535	\$ 237,534
Property Taxes	83,000	83,001	74,081	(8,920)
Intergovernmental	85,250	95,250	109,425	14,175
Charges for Services	-	6,000	74,260	68,260
Fines, Licenses and Permits	35,650	35,650	39,071	3,421
Earnings on Investments	7,250	7,250	5,126	(2,124)
Miscellaneous	61,850	61,850	6,358	(55,492)
<i>Total Receipts</i>	<u>1,283,001</u>	<u>1,319,002</u>	<u>1,575,856</u>	<u>256,854</u>
Disbursements				
Current:				
Security of Persons and Property	1,021,320	1,087,617	968,176	119,441
Leisure Time Activities	2,500	2,500	-	2,500
General Government	345,484	383,677	363,187	20,490
Debt Service:				
Principal Retirement	64,849	58,302	58,302	-
Interest and Fiscal Charges	24,340	21,398	20,170	1,228
<i>Total Disbursements</i>	<u>1,458,493</u>	<u>1,553,494</u>	<u>1,409,835</u>	<u>143,659</u>
<i>Net Change in Fund Balance</i>	(175,492)	(234,492)	166,021	400,513
<i>Unencumbered Fund Balance Beginning of Year</i>	423,052	423,052	423,052	-
<i>Prior Year Encumbrances Appropriated</i>	<u>11,636</u>	<u>11,636</u>	<u>11,636</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u><u>\$ 259,196</u></u>	<u><u>\$ 200,196</u></u>	<u><u>\$ 600,709</u></u>	<u><u>\$ 400,513</u></u>

See accompanying notes to the basic financial statements

Village of New Lexington, Ohio
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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$ 67,800	\$ 67,800	\$ 71,200	\$ 3,400
Intergovernmental	6,400	438,750	437,981	(769)
Charges for Services	645,000	762,650	680,024	(82,626)
Fines, Licenses and Permits	-	500	400	(100)
Miscellaneous	20,000	12,000	459	(11,541)
<i>Total Receipts</i>	<u>739,200</u>	<u>1,281,700</u>	<u>1,190,064</u>	<u>(91,636)</u>
Disbursements				
Current:				
Security of Persons and Property	684,060	1,194,810	1,117,071	77,739
Debt Service:				
Principal Retirement	80,800	84,375	84,375	-
Interest and Fiscal Charges	20,700	17,125	16,356	769
<i>Total Disbursements</i>	<u>785,560</u>	<u>1,296,310</u>	<u>1,217,802</u>	<u>78,508</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(46,360)	(14,610)	(27,738)	(13,128)
Other Financing Sources (Uses)				
Sale of Capital Assets	-	-	34,978	34,978
Transfers In	-	-	6,514	6,514
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>41,492</u>	<u>41,492</u>
<i>Net Change in Fund Balance</i>	(46,360)	(14,610)	13,754	28,364
<i>Unencumbered Fund Balance Beginning of Year</i>	179,927	179,927	179,927	-
Prior Year Encumbrances Appropriated	28,259	28,259	28,259	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 161,826</u>	<u>\$ 193,576</u>	<u>\$ 221,940</u>	<u>\$ 28,364</u>

See accompanying notes to the basic financial statements

Village of New Lexington, Ohio
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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Other Local Taxes	\$ 46,000	\$ 46,000	\$ 67,832	\$ 21,832
Intergovernmental	414,000	425,000	229,482	(195,518)
Miscellaneous	-	-	2,301	2,301
<i>Total Receipts</i>	<u>460,000</u>	<u>471,000</u>	<u>299,615</u>	<u>(171,385)</u>
Disbursements				
Current:				
Transportation	447,565	447,565	256,322	191,243
<i>Total Disbursements</i>	<u>447,565</u>	<u>447,565</u>	<u>256,322</u>	<u>191,243</u>
<i>Net Change in Fund Balance</i>	12,435	23,435	43,293	19,858
<i>Unencumbered Fund Balance Beginning of Year</i>	123,757	123,757	123,757	-
Prior Year Encumbrances Appropriated	<u>21,021</u>	<u>21,021</u>	<u>21,021</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 157,213</u>	<u>\$ 168,213</u>	<u>\$ 188,071</u>	<u>\$ 19,858</u>

See accompanying notes to the basic financial statements

Village of New Lexington, Ohio
Perry County
Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2022

	Business-Type Activities			
	Water Operating	Sewer Operating	Other Enterprise Funds	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,973,889	\$ 818,190	\$ 24,155	\$ 2,816,234
<i>Total Assets</i>	1,973,889	818,190	24,155	2,816,234
Net Position				
Unrestricted	1,973,889	818,190	24,155	2,816,234
<i>Total Net Position</i>	\$ 1,973,889	\$ 818,190	\$ 24,155	\$ 2,816,234

See accompanying notes to the basic financial statements

Village of New Lexington, Ohio
Perry County
Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2022

	Business-Type Activities			
	Water Operating	Sewer Operating	Other Enterprise Funds	Total Enterprise Funds
Operating Receipts				
Charges for Services	\$ 1,141,887	\$ 1,279,235	\$ -	\$ 2,421,122
Miscellaneous	801	2,190	-	2,991
<i>Total Operating Receipts</i>	<u>1,142,688</u>	<u>1,281,425</u>	<u>-</u>	<u>2,424,113</u>
Operating Disbursements				
Personal Services	346,070	182,753	-	528,823
Employee Fringe Benefits	98,216	67,587	-	165,803
Contractual Services	274,578	232,316	-	506,894
Supplies and Materials	215,662	64,717	-	280,379
Other	-	-	1,943	1,943
<i>Total Operating Disbursements</i>	<u>934,526</u>	<u>547,373</u>	<u>1,943</u>	<u>1,483,842</u>
<i>Operating Income (Loss)</i>	208,162	734,052	(1,943)	940,271
Non-Operating Receipts (Disbursements)				
Sale of Capital Assets	2,900	-	-	2,900
Miscellaneous Receipts	1,473	363	-	1,836
Capital Outlay	(311,141)	(20,284)	-	(331,425)
Principal Retirement	(88,859)	(209,098)	-	(297,957)
Interest and Other Fiscal Charges	(27,497)	(74,948)	-	(102,445)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(423,124)</u>	<u>(303,967)</u>	<u>-</u>	<u>(727,091)</u>
<i>Income (Loss) before Transfers</i>	(214,962)	430,085	(1,943)	213,180
Transfers In	150,000	276,250	-	426,250
Transfers Out	(150,000)	(276,250)	-	(426,250)
<i>Change in Net Position</i>	(214,962)	430,085	(1,943)	213,180
<i>Net Position Beginning of Year</i>	<u>2,188,851</u>	<u>388,105</u>	<u>26,098</u>	<u>2,603,054</u>
<i>Net Position End of Year</i>	<u>\$ 1,973,889</u>	<u>\$ 818,190</u>	<u>\$ 24,155</u>	<u>\$ 2,816,234</u>

See accompanying notes to the basic financial statements

Village of New Lexington, Ohio
Perry County
Statement of Cash Flows - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2022

	Business-Type Activities			Total Enterprise Funds
	Water Operating	Sewer Operating	Other Enterprise Funds	
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 1,141,887	\$ 1,279,235	\$ -	\$ 2,421,122
Other Cash Receipts	801	2,190	-	2,991
Cash Payments to Employees for Services	(346,070)	(182,753)	-	(528,823)
Cash Payments for Employee Benefits	(98,216)	(67,587)	-	(165,803)
Cash Payments for Goods and Services	(490,240)	(297,033)	-	(787,273)
Other Cash Payments	-	-	(1,943)	(1,943)
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>208,162</u>	<u>734,052</u>	<u>(1,943)</u>	<u>940,271</u>
Cash Flows from Noncapital Financing Activities				
Transfers In	150,000	-	-	150,000
Transfers Out	(150,000)	-	-	(150,000)
Other Cash Receipts	1,473	363	-	1,836
<i>Net Cash Provided by (Used in) Noncapital Financing Activities</i>	<u>1,473</u>	<u>363</u>	<u>-</u>	<u>1,836</u>
Cash Flows from Capital and Related Financing Activities				
Principal Paid on Debt	(88,859)	(209,098)	-	(297,957)
Interest Paid on Debt	(27,497)	(74,948)	-	(102,445)
Sale of Capital Assets	2,900	-	-	2,900
Payments for Capital Acquisitions	(311,141)	(20,284)	-	(331,425)
<i>Net Cash Provided by (Used in) Capital and Related Financing Activities</i>	<u>(424,597)</u>	<u>(304,330)</u>	<u>-</u>	<u>(728,927)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(214,962)	430,085	(1,943)	213,180
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>2,188,851</u>	<u>388,105</u>	<u>26,098</u>	<u>2,603,054</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 1,973,889</u>	<u>\$ 818,190</u>	<u>\$ 24,155</u>	<u>\$ 2,816,234</u>

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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.

Public Entity Risk Pool

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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 11 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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or 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 two categories: governmental and proprietary.

Governmental Funds

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

General – 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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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 from maintenance and repair of streets within 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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

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 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 2022, 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 2022 were \$5,126.

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 2022.

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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Interfund Receivables/Payables

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

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, 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. At December 31, 2022, 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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution, as both are equally binding) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution, as both are equally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Internal Activity (Continued)

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 – 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, Fire and EMS Levy, and Street Construction Maintenance and Repair Funds 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 as follows:

1. Outstanding year end 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	\$ 85,387
Fire and EMS Levy Fund	\$ 37,200
Street Construction Maintenance and Repair Fund	\$48,563

Note 4 – 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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits and Investments (Continued)

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;
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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits and Investments (Continued)

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 \$4,360,266 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.

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 \$4,342,726 at December 31, 2022 is comprised of the carrying amount of the Village’s deposits and investments (certificate of deposit) of \$4,266,321 and \$76,405, respectively.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 5 – Taxes

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2022 for real and public utility property taxes represents collections of 2021 taxes.

2022 real property taxes are levied after October 1, 2022, on the assessed value as of January 1, 2022, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2022 real property taxes are collected in and intended to finance 2023.

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. 2022 public utility property taxes which became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2022 was \$5.70 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2021 property tax receipts were based was \$60,187,740. This amount consisted of \$54,295,640 and \$5,892,100 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 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 2022, the receipts were allocated to the General Fund in the amount of \$1,267,535.

Note 6 – 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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 6 – Risk Management (Continued)

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, 2022:

	2022
Cash and Investments	\$42,310,794
Actuarial Liabilities	\$15,724,479

Note 7 – 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.

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 ACFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plans (Continued)

Plan Description - Ohio Public Employees Retirement System (Continued)

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. 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.

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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plans (Continued)

Plan Description - Ohio Public Employees Retirement System (Continued)

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:

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plans (Continued)

	State and Local	Public Safety	Law Enforcement
2022 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee ***	10.0 %	*	**
2022 Actual Contribution Rates			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0	0.0	0.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %

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

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

The Village’s contractually required contribution was \$197,016 for year 2022.

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 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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plans (Continued)

Plan Description - Ohio Police and Fire Pension Fund (Continued)

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 ACFR 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 30th of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

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

	Police	Firefighters
2022 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 2022 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	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 \$56,700 for 2022.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plans (Continued)

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, 2022.

Note 8 – 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 (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

The health care 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 separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

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 with a minimum age of 60. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 8 – Postemployment Benefits (Continued)

Ohio Public Employees Retirement System (Continued)

Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. 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' Annual Comprehensive Financial Report referenced below for additional information.

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

Disclosures for the health care plan are presented separately in the 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 allowing 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. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, 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 2022, 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 2022 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 \$0 for 2022.

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 health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. 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.

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 8 – Postemployment Benefits (Continued)

Ohio Police and Fire Pension Fund (Continued)

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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 2022, 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 \$1,454 for 2022. The full amount has been contributed for 2022.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt

The changes in the Village’s debt during 2022 were as follows:

	Interest Rate	Balance, January 1, 2022	Issued	Retired	Balance, December 31, 2022	Due Within One Year
Governmental Activities						
Municipal Building Refinance Note	4.00%	\$ 1,042,358	\$ -	\$ 102,733	\$ 939,625	\$ 107,023
Medical Squad Note	2.90%	73,439	-	31,715	41,724	32,652
Fire Equipment Loan	6.00%	49,526	-	17,718	31,808	18,772
<i>Total Governmental Activities</i>		<u>1,165,323</u>	<u>-</u>	<u>152,166</u>	<u>1,013,157</u>	<u>158,447</u>
Business Type Activities						
Sanitary Sewer System Revenue Bonds	4.50%	665,000	-	26,000	639,000	29,000
Ohio Water Development Authority Loan	0.75% - 2.00%	4,769,754	-	241,918	4,527,836	253,825
Ohio Public Works Commission Loans	0.00% - 2.00%	429,343	-	30,039	399,304	26,445
<i>Total Business Type Activities</i>		<u>5,864,097</u>	<u>-</u>	<u>297,957</u>	<u>5,566,140</u>	<u>309,270</u>
Total		<u>\$ 7,029,420</u>	<u>\$ -</u>	<u>\$ 450,123</u>	<u>\$ 6,579,297</u>	<u>\$ 467,717</u>

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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt – (Continued)

The following is a summary of the Village’s future annual debt service requirements at December 31, 2022 for governmental activities:

Year	Governmental Activities					
	Municipal Building Refinance		Medic Squad Loan		Fire Equipment Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 107,023	\$ 35,641	\$ 32,652	\$ 778	\$ 18,772	\$ 1,403
2024	111,294	31,372	9,072	48	13,036	297
2025	115,923	26,745	-	-	-	-
2026	121,955	11,840	-	-	-	-
2027	97,001	9,472	-	-	-	-
2028-2032	386,429	37,887	-	-	-	-
Total	<u>\$ 939,625</u>	<u>\$ 152,957</u>	<u>\$ 41,724</u>	<u>\$ 826</u>	<u>\$ 31,808</u>	<u>\$ 1,700</u>

The following is a summary of the Village’s future annual debt service requirements at December 31, 2022 for business-type activities:

Year	Business-Type Activities					
	Sanitary Sewer Bonds		OWDA Loans		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
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	49,931	19,170	37
2026	31,000	21,726	245,556	39,030	15,491	-
2027	33,000	19,991	243,258	36,125	15,491	-
2028-2032	177,000	90,978	1,160,284	155,448	77,457	-
2033-2037	203,000	46,354	898,774	121,373	77,457	-
2038-2042	106,000	9,186	699,298	43,802	77,457	-
2043-2047	-	-	420,897	13,839	58,092	-
2048-2052	-	-	88,403	3,925	9,504	-
Total	<u>\$ 639,000</u>	<u>\$ 270,540</u>	<u>\$ 4,527,836</u>	<u>\$ 571,304</u>	<u>\$ 399,304</u>	<u>\$ 583</u>

Note 10 – Contingent Liabilities

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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 11 – Jointly Governed Organization

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

Note 12 – 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 governmental 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 Fund	Street Consturction Repair & Maintenance Fund	Other Governmental Funds	Total
Restricted for					
Road Improvements	\$ -	\$ -	\$ 236,634	\$ 89,233	\$ 325,867
Police Operations	-	-	-	9,778	9,778
Police Training	-	-	-	8,420	8,420
Drug & Alcohol Education & Enforcement	-	-	-	9,389	9,389
Cemetery	-	-	-	24,232	24,232
Leisure Time Activities	-	-	-	36,836	36,836
Fire Operations	-	259,140	-	-	259,140
Fire Equipment Grant	-	-	-	179	179
Disaster Relief	-	-	-	166,555	166,555
<i>Total Restricted</i>	<u>-</u>	<u>259,140</u>	<u>236,634</u>	<u>344,622</u>	<u>840,396</u>
Assigned to					
Encumbrances	85,387	-	-	-	85,387
<i>Total Assigned</i>	<u>85,387</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,387</u>
Unassigned (Deficits)					
	600,709	-	-	-	600,709
<i>Total Fund Balances</i>	<u>\$ 686,096</u>	<u>\$ 259,140</u>	<u>\$ 236,634</u>	<u>\$ 344,622</u>	<u>\$ 1,526,492</u>

Village of New Lexington, Ohio
Perry County
Statement of Net Position - Cash Basis
December 31, 2021

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 927,549	\$ 2,603,054	\$ 3,530,603
<i>Total Assets</i>	<u>927,549</u>	<u>2,603,054</u>	<u>3,530,603</u>
Net Position			
Restricted for:			
Other Purposes	492,861	-	492,861
Unrestricted	<u>434,688</u>	<u>2,603,054</u>	<u>3,037,742</u>
<i>Total Net Position</i>	<u>\$ 927,549</u>	<u>\$ 2,603,054</u>	<u>\$ 3,530,603</u>

See accompanying notes to the basic financial statements

Village of New Lexington, Ohio
Perry County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2021

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Current:				
Security of Persons and Property	\$ 2,028,177	\$ 796,794	\$ -	\$ 94,762
Public Health Services	27,908	-	-	-
Leisure Time Activities	100,803	21,292	11,725	-
Community Environment	-	4,310	-	-
Transportation	437,069	-	249,929	2,850
General Government	295,428	5,282	-	244,646
Capital Outlay	49,780	-	-	-
Debt Service:				
Principal Retirement	147,709	-	-	-
Interest and Fiscal Charges	43,119	-	-	-
<i>Total Governmental Activities</i>	<u>3,129,993</u>	<u>827,678</u>	<u>261,654</u>	<u>342,258</u>
Business-Type Activities				
Water Operating	891,981	1,094,911	-	-
Sewer Operating	864,995	997,690	-	-
Guaranteed Water Deposits	594	-	-	-
<i>Total Business-Type Activities</i>	<u>1,757,570</u>	<u>2,092,601</u>	<u>-</u>	<u>-</u>
<i>Total Primary Government</i>	<u><u>4,887,563</u></u>	<u><u>2,920,279</u></u>	<u><u>261,654</u></u>	<u><u>342,258</u></u>
General Receipts:				
Property Taxes Levied for:				
General Purposes				
Other Local Taxes				
Income Taxes				
Grants and Entitlements not Restricted to Specific Programs				
Sale of Capital Assets				
Cable Franchise Fees				
Earnings on Investments				
Miscellaneous				
<i>Total General Receipts</i>				
Change in Net Position				
<i>Net Position Beginning of Year</i>				
<i>Net Position End of Year</i>				

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (1,136,621)	\$ -	\$ (1,136,621)
(27,908)	-	(27,908)
(67,786)	-	(67,786)
4,310	-	4,310
(184,290)	-	(184,290)
(45,500)	-	(45,500)
(49,780)	-	(49,780)
(147,709)	-	(147,709)
(43,119)	-	(43,119)
<u>(1,698,403)</u>	<u>-</u>	<u>(1,698,403)</u>
-	202,930	202,930
-	132,695	132,695
-	(594)	(594)
<u>-</u>	<u>335,031</u>	<u>335,031</u>
<u>(1,698,403)</u>	<u>335,031</u>	<u>(1,363,372)</u>
208,276	-	208,276
55,713	-	55,713
1,121,354	-	1,121,354
248,764	-	248,764
1,300	1,200	2,500
31,782	-	31,782
6,822	-	6,822
91,872	16,465	108,337
<u>1,765,883</u>	<u>17,665</u>	<u>1,783,548</u>
67,480	352,696	420,176
<u>860,069</u>	<u>2,250,358</u>	<u>3,110,427</u>
<u>\$ 927,549</u>	<u>\$ 2,603,054</u>	<u>\$ 3,530,603</u>

Village of New Lexington, Ohio
Perry County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2021

	General	Fire & EMS Levy	Street Construction Repair & Maintenance Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 434,688	\$ 208,186	\$ 144,778	\$ 139,897	\$ 927,549
<i>Total Assets</i>	<u>434,688</u>	<u>208,186</u>	<u>144,778</u>	<u>139,897</u>	<u>927,549</u>
Fund Balances					
Restricted	-	208,186	144,778	139,897	492,861
Assigned	11,636	-	-	-	11,636
Unassigned (Deficit)	423,052	-	-	-	423,052
<i>Total Fund Balances</i>	<u>\$ 434,688</u>	<u>\$ 208,186</u>	<u>\$ 144,778</u>	<u>\$ 139,897</u>	<u>\$ 927,549</u>

See accompanying notes to the basic financial statements

Village of New Lexington, Ohio
Perry County
Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2021

	General	Fire and EMS Levy	Street Construction Repair & Maintenance Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Municipal Income Taxes	\$ 1,121,354	\$ -	\$ -	\$ -	\$ 1,121,354
Property Taxes	74,063	70,697	-	63,516	208,276
Other Local Taxes	-	-	51,534	4,179	55,713
Intergovernmental	99,093	8,279	368,631	362,098	838,101
Special Assessments	-	-	-	2,850	2,850
Charges for Services	66,258	730,536	-	21,292	818,086
Fines, Licenses and Permits	38,019	2,500	-	855	41,374
Earnings on Investments	6,822	-	-	-	6,822
Miscellaneous	3,375	8,818	37,270	54,134	103,597
	<u>1,408,984</u>	<u>820,830</u>	<u>457,435</u>	<u>508,924</u>	<u>3,196,173</u>
<i>Total Receipts</i>					
Disbursements					
Current:					
Security of Persons and Property	940,571	597,457	-	490,149	2,028,177
Public Health Services	-	-	-	27,908	27,908
Leisure Time Activities	2,161	-	-	98,642	100,803
Transportation	2,775	-	410,100	24,194	437,069
General Government	295,428	-	-	-	295,428
Capital Outlay	-	-	44,871	4,909	49,780
Debt Service:					
Principal Retirement	66,459	81,250	-	-	147,709
Interest and Fiscal Charges	23,678	19,441	-	-	43,119
	<u>1,331,072</u>	<u>698,148</u>	<u>454,971</u>	<u>645,802</u>	<u>3,129,993</u>
<i>Total Disbursements</i>					
<i>Excess of Receipts Over (Under) Disbursements</i>	77,912	122,682	2,464	(136,878)	66,180
Other Financing Sources (Uses)					
Sale of Capital Assets	-	-	1,300	-	1,300
	<u>-</u>	<u>-</u>	<u>1,300</u>	<u>-</u>	<u>1,300</u>
<i>Total Other Financing Sources (Uses)</i>					
<i>Net Change in Fund Balances</i>	77,912	122,682	3,764	(136,878)	67,480
<i>Fund Balances Beginning of Year</i>	<u>356,776</u>	<u>85,504</u>	<u>141,014</u>	<u>276,775</u>	<u>860,069</u>
<i>Fund Balances End of Year</i>	<u>\$ 434,688</u>	<u>\$ 208,186</u>	<u>\$ 144,778</u>	<u>\$ 139,897</u>	<u>\$ 927,549</u>

See accompanying notes to the basic financial statements

Village of New Lexington, Ohio
Perry County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Municipal Income Taxes	\$ 1,010,001	\$ 1,010,501	\$ 1,121,354	\$ 110,853
Property Taxes	76,500	76,500	74,063	(2,437)
Intergovernmental	85,500	85,500	99,093	13,593
Charges for Services	-	-	66,258	66,258
Fines, Licenses and Permits	37,625	37,500	38,019	519
Earnings on Investments	7,250	7,250	6,822	(428)
Miscellaneous	60,000	60,609	3,375	(57,234)
<i>Total Receipts</i>	<u>1,276,876</u>	<u>1,277,860</u>	<u>1,408,984</u>	<u>131,124</u>
Disbursements				
Current:				
Security of Persons and Property	1,074,099	1,074,272	949,764	124,508
Leisure Time Activities	2,500	2,500	2,161	339
Community Environment	80,000	70,935	-	70,935
Transportation	4,000	3,860	2,775	1,085
General Government	324,105	333,697	297,871	35,826
Debt Service:				
Principal Retirement	58,000	66,461	66,459	2
Interest and Fiscal Charges	21,700	24,340	23,678	662
<i>Total Disbursements</i>	<u>1,564,404</u>	<u>1,576,065</u>	<u>1,342,708</u>	<u>233,357</u>
<i>Net Change in Fund Balance</i>	(287,528)	(298,205)	66,276	364,481
<i>Unencumbered Fund Balance Beginning of Year</i>	330,618	330,618	330,618	-
Prior Year Encumbrances Appropriated	<u>26,158</u>	<u>26,158</u>	<u>26,158</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 69,248</u>	<u>\$ 58,571</u>	<u>\$ 423,052</u>	<u>\$ 364,481</u>

See accompanying notes to the basic financial statements

Village of New Lexington, Ohio
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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$ 69,750	\$ 69,750	\$ 70,697	\$ 947
Intergovernmental	6,750	5,400	8,279	2,879
Charges for Services	664,000	663,015	730,536	67,521
Fines, Licenses and Permits	3,500	3,000	2,500	(500)
Miscellaneous	-	12,500	8,818	(3,682)
<i>Total Receipts</i>	744,000	753,665	820,830	67,165
Disbursements				
Current:				
Security of Persons and Property	654,962	655,961	624,685	31,276
Debt Service:				
Principal Retirement	82,000	81,252	81,250	2
Interest and Fiscal Charges	19,500	19,454	19,441	13
<i>Total Disbursements</i>	756,462	756,667	725,376	31,291
<i>Net Change in Fund Balance</i>	(12,462)	(3,002)	95,454	98,456
<i>Unencumbered Fund Balance Beginning of Year</i>	58,724	58,724	58,724	-
Prior Year Encumbrances Appropriated	26,780	26,780	26,780	-
<i>Unencumbered Fund Balance End of Year</i>	\$ 73,042	\$ 82,502	\$ 180,958	\$ 98,456

See accompanying notes to the basic financial statements

Village of New Lexington, Ohio
Perry County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Construction Maintenance and Repair
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Other Local Taxes	\$ 32,500	\$ 44,500	\$ 51,534	\$ 7,034
Intergovernmental	185,000	351,158	368,631	17,473
Miscellaneous	1,000	39,000	37,270	(1,730)
<i>Total Receipts</i>	218,500	434,658	457,435	22,777
Disbursements				
Current:				
Transportation	-	478,317	433,399	44,918
Capital Outlay	52,242	52,242	44,871	7,371
<i>Total Disbursements</i>	52,242	530,559	478,270	52,289
<i>Excess of Receipts Over (Under) Disbursements</i>	166,258	(95,901)	(20,835)	75,066
Other Financing Sources (Uses)				
Sale of Capital Assets	-	-	1,300	1,300
<i>Total Other Financing Sources (Uses)</i>	-	-	1,300	1,300
<i>Net Change in Fund Balance</i>	166,258	(95,901)	(19,535)	76,366
<i>Unencumbered Fund Balance Beginning of Year</i>	97,364	97,364	97,364	-
Prior Year Encumbrances Appropriated	43,650	43,650	43,650	-
<i>Unencumbered Fund Balance End of Year</i>	\$ 307,272	\$ 45,113	\$ 121,479	\$ 76,366

See accompanying notes to the basic financial statements

Village of New Lexington, Ohio
Perry County
Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2021

	Business-Type Activities			Total Enterprise Funds
	Water Operating	Sewer Operating	Other Enterprise Funds	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 2,188,851	\$ 388,105	\$ 26,098	\$ 2,603,054
<i>Total Assets</i>	<u>2,188,851</u>	<u>388,105</u>	<u>26,098</u>	<u>2,603,054</u>
Net Position				
Unrestricted	2,188,851	388,105	26,098	2,603,054
<i>Total Net Position</i>	<u>\$ 2,188,851</u>	<u>\$ 388,105</u>	<u>\$ 26,098</u>	<u>\$ 2,603,054</u>

See accompanying notes to the basic financial statements

Village of New Lexington, Ohio
Perry County
Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2021

	Business-Type Activities			
	Water Operating	Sewer Operating	Other Enterprise Funds	Total Enterprise Funds
Operating Receipts				
Charges for Services	\$ 1,094,911	\$ 997,690	\$ -	\$ 2,092,601
Miscellaneous	15,445	55	-	15,500
<i>Total Operating Receipts</i>	<u>1,110,356</u>	<u>997,745</u>	<u>-</u>	<u>2,108,101</u>
Operating Disbursements				
Personal Services	243,811	232,527	-	476,338
Employee Fringe Benefits	96,822	91,282	-	188,104
Contractual Services	253,919	199,507	-	453,426
Supplies and Materials	152,884	43,737	-	196,621
Other	-	-	594	594
<i>Total Operating Disbursements</i>	<u>747,436</u>	<u>567,053</u>	<u>594</u>	<u>1,315,083</u>
<i>Operating Income (Loss)</i>	362,920	430,692	(594)	793,018
Non-Operating Receipts (Disbursements)				
Sale of Capital Assets	900	300	-	1,200
Miscellaneous Receipts	496	469	-	965
Capital Outlay	(28,188)	-	-	(28,188)
Principal Retirement	(87,150)	(217,576)	-	(304,726)
Interest and Other Fiscal Charges	(29,207)	(80,366)	-	(109,573)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(143,149)</u>	<u>(297,173)</u>	<u>-</u>	<u>(440,322)</u>
<i>Income (Loss) before Transfers</i>	219,771	133,519	(594)	352,696
Transfers In	-	273,129	-	273,129
Transfers Out	-	(273,129)	-	(273,129)
<i>Change in Net Position</i>	219,771	133,519	(594)	352,696
<i>Net Position Beginning of Year</i>	<u>1,969,080</u>	<u>254,586</u>	<u>26,692</u>	<u>2,250,358</u>
<i>Net Position End of Year</i>	<u>\$ 2,188,851</u>	<u>\$ 388,105</u>	<u>\$ 26,098</u>	<u>\$ 2,603,054</u>

See accompanying notes to the basic financial statements

Village of New Lexington, Ohio
Perry County
Statement of Cash Flows - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2021

	Business-Type Activities			
	Water Operating	Sewer Operating	Other Enterprise Funds	Total Enterprise Funds
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 1,094,911	\$ 997,690	\$ -	\$ 2,092,601
Other Cash Receipts	15,445	55	-	15,500
Cash Payments to Employees for Services	(243,811)	(232,527)	-	(476,338)
Cash Payments for Employee Benefits	(96,822)	(91,282)	-	(188,104)
Cash Payments for Goods and Services	(406,803)	(243,244)	-	(650,047)
Other Cash Payments	-	-	(594)	(594)
<i>Net Cash Provided by (Used in) Operating Activities</i>	<u>362,920</u>	<u>430,692</u>	<u>(594)</u>	<u>793,018</u>
Cash Flows from Noncapital Financing Activities				
Transfers In	-	273,129	-	273,129
Transfers Out	-	(273,129)	-	(273,129)
Other Cash Receipts	496	469	-	965
<i>Net Cash Provided by (Used in) Noncapital Financing Activities</i>	<u>496</u>	<u>469</u>	<u>-</u>	<u>965</u>
Cash Flows from Capital and Related Financing Activities				
Principal Paid on Debt	(87,150)	(217,580)	-	(304,730)
Interest Paid on Debt	(29,207)	(80,362)	-	(109,569)
Sale of Capital Assets	900	300	-	1,200
Payments for Capital Acquisitions	(28,188)	-	-	(28,188)
<i>Net Cash Provided by (Used in) Capital and Related Financing Activities</i>	<u>(143,645)</u>	<u>(297,642)</u>	<u>-</u>	<u>(441,287)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	219,771	133,519	(594)	352,696
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>1,969,080</u>	<u>254,586</u>	<u>26,692</u>	<u>2,250,358</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 2,188,851</u>	<u>\$ 388,105</u>	<u>\$ 26,098</u>	<u>\$ 2,603,054</u>

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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.

Public Entity Risk Pool

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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 11 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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or 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 two categories: governmental and proprietary.

Governmental Funds

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

General – 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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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 from maintenance and repair of streets within 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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

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 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 2021, 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 2021 were \$6,822.

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 known restricted assets during 2021.

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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Interfund Receivables/Payables

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

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, 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. At December 31, 2021, 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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution, as both are equally binding) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution, as both are equally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute. State Statute authorizes the Village Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 3 – 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, Fire and EMS Levy, and Street Construction Maintenance and Repair Funds 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 as follows:

1. Outstanding year end 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	\$ 11,636
Fire and EMS Levy Fund	\$ 27,228
Street Construction Maintenance and Repair Fund	\$23,299

Note 4 – 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;

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 4 – Deposits and Investments (Continued)

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;
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 \$3,580,402 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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 4 – Deposits and Investments (Continued)

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.

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 \$3,530,603 at December 31, 2021 is comprised of the carrying amount of the Village’s deposits and investments (certificate of deposit) of \$3,454,198 and \$76,405, respectively.

Note 5 – Taxes

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2021 for real and public utility property taxes represents collections of 2020 taxes.

2021 real property taxes are levied after October 1, 2021, on the assessed value as of January 1, 2021, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2021 real property taxes are collected in and intended to finance 2022.

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. 2021 public utility property taxes which became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 5 – Taxes (Continued)

The full tax rate for all Village operations for the year ended December 31, 2021 was \$5.70 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2021 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 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 2021, the receipts were allocated to the General Fund in the amount of \$1,121,354.

Note 6 – 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, 2021:

	2021
Cash and Investments	\$41,996,850
Actuarial Liabilities	\$14,974,099

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 7 – 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.

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 ACFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 7 – Defined Benefit Pension Plans (Continued)

Plan Description - Ohio Public Employees Retirement System (Continued)

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. 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.

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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 7 – Defined Benefit Pension Plans (Continued)

Plan Description - Ohio Public Employees Retirement System (Continued)

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:

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2021 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee ***	10.0 %	*	**
2021 Actual Contribution Rates			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0	0.0	0.0
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

- * 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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 7 – Defined Benefit Pension Plans (Continued)

Plan Description - Ohio Public Employees Retirement System (Continued)

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

The Village's contractually required contribution was \$163,559 for year 2021.

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 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 ACFR 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 30th 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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 7 – Defined Benefit Pension Plans (Continued)

Plan Description - Ohio Police and Fire Pension Fund (Continued)

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

	Police	Firefighters
2021 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 2021 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	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 \$57,591 for 2021.

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, 2021.

Note 8 – 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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 8 – Postemployment Benefits (Continued)

Ohio Public Employees Retirement System (Continued)

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 ACFR referenced below for additional information.

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

Disclosures for the health care plan are presented separately in the 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 2021, 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 2021, 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 2021 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 \$0 for 2021.

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.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 8 – Postemployment Benefits (Continued)

Ohio Police and Fire Pension Fund (Continued)

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 Governmental Accounting Standards Board (GASB) Statement No. 75.

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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 2021, 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 \$1,477 for 2021. The full amount has been contributed.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 9 – Debt

The changes in the Village’s debt during 2021 were as follows:

	Interest Rate	Balance, January 1, 2021	Issued	Retired	Balance, December 31, 2021	Due Within One Year
Governmental Activities						
Municipal Building Refinance Note	4.00%	\$ 1,142,373	\$ -	\$ 100,015	\$ 1,042,358	\$ 101,158
Medical Squad Note	2.90%	104,365	-	30,926	73,439	31,720
Fire Equipment Loan	6.00%	66,294	-	16,768	49,526	17,681
<i>Total Governmental Activities</i>		<u>1,313,032</u>	<u>-</u>	<u>147,709</u>	<u>1,165,323</u>	<u>150,559</u>
Business Type Activities						
Sanitaar Sewer System Revenue Bonds	4.50%	691,000	-	26,000	665,000	26,000
Ohio Water Development Authority Loan	0.75% - 2.00%	5,018,727	-	248,973	4,769,754	250,581
Ohio Public Works Commission Loans	0.00% - 2.00%	459,096	-	29,753	429,343	30,039
<i>Total Business Type Activities</i>		<u>6,168,823</u>	<u>-</u>	<u>304,726</u>	<u>5,864,097</u>	<u>306,620</u>
Total		<u><u>\$ 7,481,855</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 452,435</u></u>	<u><u>\$ 7,029,420</u></u>	<u><u>\$ 457,179</u></u>

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%.

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 9 – Debt – (Continued)

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, 2021 for governmental activities:

Year	Governmental Activities					
	Municipal Building Refinance		Medic Squad Loan		Fire Equipment Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
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	9,067	48	13,073	297
2025	115,923	26,745	-	-	-	-
2026	121,955	11,840	-	-	-	-
2027-2030	485,005	47,359	-	-	-	-
Total	<u>\$ 1,042,358</u>	<u>\$ 192,788</u>	<u>\$ 73,439</u>	<u>\$ 2,537</u>	<u>\$ 49,526</u>	<u>\$ 4,193</u>

The following is a summary of the Village’s future annual debt service requirements at December 31, 2021 for business-type activities:

Year	Business-Type Activities					
	Sanitary Sewer Bonds		OWDA Loans		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
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	49,931	19,170	37
2026	31,000	21,726	245,556	39,030	15,491	-
2027-2031	177,000	99,954	1,216,289	180,623	77,457	-
2032-2036	177,000	55,071	936,262	110,269	77,457	-
2037-2041	165,000	11,484	748,823	54,752	77,457	-
2042-2046	-	-	501,202	23,962	51,173	-
2047-2050	-	-	99,675	4,906	31,914	-
Total	<u>\$ 665,000</u>	<u>\$ 300,465</u>	<u>\$ 4,769,754</u>	<u>\$ 630,109</u>	<u>\$ 429,343</u>	<u>\$ 1,239</u>

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 10 – Contingent Liabilities

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 11 – Jointly Governed Organization

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

Note 12 – 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 governmental 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 Fund	Street Construction Maintenance & Repair Fund	Other Governmental Funds	Total
Restricted for					
Road Improvements	\$ -	\$ -	\$ 144,778	\$ 44,987	\$ 189,765
Police Operations	-	-	-	33,048	33,048
Police Training	-	-	-	8,520	8,520
Drug & Alcohol Education & Enforcement	-	-	-	9,409	9,409
Cemetery	-	-	-	7,918	7,918
Leisure Time Activities	-	-	-	30,298	30,298
Fire Operations	-	208,186	-	-	208,186
Fire Equipment Grant	-	-	-	179	179
Disaster Relief	-	-	-	5,538	5,538
<i>Total Restricted</i>	<u>-</u>	<u>208,186</u>	<u>144,778</u>	<u>139,897</u>	<u>492,861</u>
Assigned to					
Encumbrances	<u>11,636</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,636</u>
<i>Total Assigned</i>	<u>11,636</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,636</u>
Unassigned (Deficits)	<u>423,052</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>423,052</u>
<i>Total Fund Balances</i>	<u>\$ 434,688</u>	<u>\$ 208,186</u>	<u>\$ 144,778</u>	<u>\$ 139,897</u>	<u>\$ 927,549</u>

Village of New Lexington
Perry County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 13– 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 will 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.

**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 of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of New Lexington, Perry County (the Village) as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated September 15, 2023, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2022-001 to be a material weakness.

Report on Compliance and Other Matters

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


We also noted certain other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 15, 2023.

Village's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Village's response to the finding identified in our audit and described in the accompanying Corrective Action Plan. The Village's response was not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the response.

Purpose of this Report

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



Charles E. Harris & Associates, Inc.
September 15, 2023

**VILLAGE OF NEW LEXINGTON
PERRY COUNTY
SCHEDULE OF FINDINGS
December 31, 2022 and 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2022-001 – Material Weakness

Financial Reporting - Posting Receipts, Fund Balance and Major Funds

The Village should have procedures and controls in place to prevent and detect errors in financial reporting. During 2022 and 2021, receipts, fund balances, and major funds were not always posted or classified correctly. The following posting errors were noted:

For 2022:

- The Street Construction Maintenance & Repair Fund was determined to be a major fund under GASB 34, however, was not presented as Major Fund within the Village's financial statements.
- The Village received an insurance check for \$29,213 that was posted to the Extraordinary Item instead of Miscellaneous Revenue.
- Encumbrances were improperly reported as Assigned Fund Balance rather than Restricted Fund Balance for the Fire & EMS Levy Fund for \$37,200 and for the Other Governmental Funds for \$67,829.
- The Village received payments of \$74,260 for a Resource Officer that was recorded as Miscellaneous revenue instead of Charges for Services revenue.
- Principal and interest on Village debt payments were incorrectly reported.

For 2021:

- The Street Construction Maintenance & Repair Fund was determined to be a major fund under GASB 34, however, was not presented as Major Fund within the Village's financial statements.
- Encumbrances were improperly reported as Assigned Fund Balance rather than Restricted Fund Balance for the Fire & EMS Levy Fund for \$28,259 and for the Other Governmental Funds for \$38,274.
- The Village received an insurance check in the amount of \$23,701 that was posted to the Special Item instead of Miscellaneous Revenue.
- There was \$239,108 in expenses recorded as Basic Utility Services that should have been recorded as Security of Persons and Property.
- The Village received payments of \$59,367 for a Resource Officer that was recorded as Miscellaneous revenue instead of Charges for Services revenue.
- Principal and interest on Village debt payments were incorrectly reported.

Not posting receipts, fund balances and major fund presentation correctly resulted in the financial statements requiring reclassification entries. The financial statements reflect all reclassifications.

Also, during 2022 and 2021 aspects of the notes to the financial statements were corrected from the Hinkle filing to agree to the financial statements in the audit report and to include all necessary note disclosures. We made corrections to the following note disclosures:

- Significant Accounting Policies
- Debt
- Fund Balances

**VILLAGE OF NEW LEXINGTON
PERRY COUNTY
SCHEDULE OF FINDINGS
December 31, 2022 and 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number 2022-001 – Material Weakness (Continued)

Financial Reporting - Posting Receipts, Fund Balance and Major Funds (Continued)

We recommend the Finance Director refer to the Village Officers’ Handbook, Uniform Accounting Network (UAN) Manual and Auditor of State guidance to determine the proper posting. The Village should also follow Governmental Accounting Standards Board (GASB) Statements No. 34 for major fund determination and 54 for fund balance classification. Also, to help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements and notes to the financial statements. Such review should include procedures to ensure that all receipts and disbursements are properly identified and classified on the financial statements. We recommend the Village use the most current available templates for financial statements and notes to the financial statements on the Auditor of State’s website <http://www.ohioauditor.gov/references/shells/regulatory.html> to prepare an accurate annual.

Management Response:

See Corrective Action Plan

**VILLAGE OF NEW LEXINGTON
PERRY COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS –
PREPARED BY MANGEMENT
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	ORC 5705.39 Appropriations exceeding estimated resources.	Corrected	N/A
2020-002	ORC 5705.41(B) Expenditures exceeding appropriations.	Corrected	N/A
2020-003	Village receipts, disbursements, and fund balances were not recorded in accordance with the Uniform Accounting Network handbooks. Also, not all major funds were presented in the notes to the financial statements.	Not Corrected	Still working getting everything properly classified.
2020-004	The Village was unable to provide sufficient audit evidence supporting amounts recorded for Charges for Services for the Village's swimming pool.	Corrected	N/A

VILLGE OF NEW LEXINGTON
PERRY COUNTY

CORRECTIVE ACTION PLAN
For the Years Ended December 31, 2022 and 2021
Prepared by Management

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-001	Aware of the issue. Will review receipts when received to post correctly. Fund balance classifications and major fund determination when preparing the financial statements.	Immediately	Chelsey Lewis, Finance Director

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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 12/19/2023

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