

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY, OHIO**

FINANCIAL STATEMENTS
(AUDITED)

FOR THE YEAR ENDED
DECEMBER 31, 2010

SUE WILSON, CLERK/TREASURER



Dave Yost • Auditor of State

Village Council
Village of New Concord
2 West Main Street
P.O. Box 10
New Concord, Ohio 43762

We have reviewed the *Independent Auditor's Report* of the Village of New Concord, Muskingum County, prepared by Julian & Grube, Inc., for the audit period January 1, 2010 through December 31, 2010. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Concord is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

April 26, 2011

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**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

Village of New Concord
2 West Main Street
P.O. Box 10
New Concord, Ohio 43762

We have audited the accompanying financial statements of the Village of New Concord, Muskingum County, Ohio, as of and for the year ended December 31, 2010. These financial statements are the responsibility of the Village of New Concord's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 2, the Village of New Concord prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village of New Concord's larger (i.e. major) funds separately. While the Village of New Concord does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require the Village of New Concord to reformat their statements. The Village of New Concord has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of New Concord, Muskingum County, Ohio, as of December 31, 2010, or its changes in financial position or cash flows of its proprietary fund type for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash fund balances of the Village of New Concord, Muskingum County, Ohio, as of December 31, 2010 and its combined cash receipts and cash disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements for the year then ended on the accounting basis Note 2 describes.

The Village of New Concord has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2011, on our consideration of the Village of New Concord'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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Julian & Grube, Inc.
March 9, 2011

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2010

<u>Cash, Cash Equivalents and Investments</u>	<u>2010</u>
Cash and Cash Equivalents	\$ 36,076
Investments	<u>659,601</u>
Total Cash, Cash Equivalents, and Investments	<u><u>\$ 695,677</u></u>
 <u>Fund Balances</u>	
 <u>Governmental Fund Types:</u>	
General	\$ 50,217
Special Revenue	399,300
Debt Service	<u>7,063</u>
Total Governmental Fund Types	<u>456,580</u>
 <u>Proprietary Fund Type:</u>	
Enterprise	<u>239,097</u>
Total Fund Balances	<u><u>\$ 695,677</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash receipts:					
Local taxes	\$ 660,732	\$ 81,264	-	\$ -	\$ 741,996
Intergovernmental	68,813	99,082	-	32,247	200,142
Special assessments	-	-	16,563	-	16,563
Charges for services	-	329,739	-	-	329,739
Fines, licenses, and permits	58,081	-	-	-	58,081
Interest	961	60	-	-	1,021
Donations	-	10,350	-	-	10,350
Miscellaneous	32,720	42,942	-	-	75,662
Total cash receipts	<u>821,307</u>	<u>563,437</u>	<u>16,563</u>	<u>32,247</u>	<u>1,433,554</u>
Cash disbursements:					
Current:					
Security of persons and property	267,157	191,395	-	-	458,552
Leisure time activities	-	27,425	-	-	27,425
Basic utility services	-	160,939	-	-	160,939
Transportation	-	45,133	-	-	45,133
General government	305,381	7,739	789	-	313,909
Capital outlay	9,442	117,399	-	32,247	159,088
Debt service:					
Principal retirement	95,000	51,347	19,075	-	165,422
Interest and fiscal charges	25,767	19,781	5,093	-	50,641
Total cash disbursements	<u>702,747</u>	<u>621,158</u>	<u>24,957</u>	<u>32,247</u>	<u>1,381,109</u>
Total cash receipts over/(under) cash disbursements	<u>118,560</u>	<u>(57,721)</u>	<u>(8,394)</u>	<u>-</u>	<u>52,445</u>
Other financing receipts/(disbursements):					
Proceeds from sale of notes	25,000	-	-	-	25,000
Operating transfers in	-	167,020	7,418	-	174,438
Operating transfers out	(167,020)	-	-	-	(167,020)
Advances in	52,247	-	-	32,247	84,494
Advances out	(32,247)	-	-	(32,247)	(64,494)
Other uses	(1,725)	-	-	-	(1,725)
Total other financing receipts/(disbursements)	<u>(123,745)</u>	<u>167,020</u>	<u>7,418</u>	<u>-</u>	<u>50,693</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(5,185)	109,299	(976)	-	103,138
Cash fund balances, January 1, 2010	<u>55,402</u>	<u>290,001</u>	<u>8,039</u>	<u>-</u>	<u>353,442</u>
Cash fund balances, December 31, 2010	<u>\$ 50,217</u>	<u>\$ 399,300</u>	<u>\$ 7,063</u>	<u>\$ -</u>	<u>\$ 456,580</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN CASH FUND BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2010

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 892,127
Total operating cash receipts	892,127
Operating cash disbursements:	
Personal services	413,267
Contractual services	139,653
Supplies and material	91,967
Capital outlay	12,904
Total operating cash disbursements	657,791
Operating income	234,336
Nonoperating cash receipts/(disbursements):	
Miscellaneous	2,420
Proceeds of notes	8,025
Other nonoperating expenses	(4,234)
Debt service:	
Principal	(109,184)
Interest	(74,406)
Total nonoperating cash receipts/(disbursements)	(177,379)
Income before operating transfers	56,957
Transfers in	48,949
Transfers out	(56,367)
Advances out	(20,000)
Net income	29,539
Cash fund balances, January 1, 2010	209,558
Cash fund balances, December 31, 2010	\$ 239,097

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

Fund Types	Receipts						Disbursements						
	County Certified Unencumbered Cash	Advances Not Repaid	Budget	Total Estimated Resources	Actual 2010 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2010 Appropriations	Total	Actual 2010 Disbursements	Encumbrances Outstanding at 12/31/10	Total	Variance Favorable (Unfavorable)
	Governmental:												
General	\$ 55,402	\$ 125,000	\$ 850,000	\$ 1,030,402	\$ 898,554	\$ 48,554	\$ -	\$ 976,000	\$ 976,000	\$ 903,739	\$ -	\$ 903,739	\$ 72,261
Special Revenue	290,001	-	640,106	930,107	730,457	90,351	-	874,000	874,000	621,158	-	621,158	252,842
Debt Service	8,039	-	19,000	27,039	23,981	4,981	-	25,000	25,000	24,957	-	24,957	43
Capital Projects	-	-	60,000	60,000	64,494	4,494	-	50,000	50,000	64,494	-	64,494	(14,494)
Proprietary:													
Enterprise	209,558	(125,000)	1,506,350	1,590,908	951,521	(554,829)	-	971,550	971,550	921,982	-	921,982	49,568
Total													
(Memorandum Only)	\$ 563,000	\$ -	\$ 3,075,456	\$ 3,638,456	\$ 2,669,007	\$ (406,449)	\$ -	\$ 2,896,550	\$ 2,896,550	\$ 2,536,330	\$ -	\$ 2,536,330	\$ 360,220

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THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1 - DESCRIPTION OF THE ENTITY

The Village of New Concord, Muskingum County, Ohio (the “Village”), is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Village operates under a council-mayor form of government and provides the following services: police protection, fire protection, water, sewer, street maintenance and repair, village court, as well as other general government services.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village officials are financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Village’s accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the Village are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Village.

GOVERNMENTAL FUNDS

General Fund

The general fund is used to account for all activities of the Village not required to be included in another fund and the mayor’s court. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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

The Village had the following significant Special Revenue Funds:

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

Fire Fund - This fund receives grants and charges for services monies to provide fire and emergency medical services for the Village.

Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following capital project fund:

Skate Park Construction Fund - This fund used proceeds of pass-through grants for Skate Board Park Construction.

Debt Service Funds

These funds are used to accumulate resources for the payment of indebtedness. The Village had the following Debt Service Fund:

North Friendship Debt Fund - This fund accumulates resources via special assessments and transfers in for the repayment of debt.

PROPRIETARY FUND TYPE

Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sanitary Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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

B. BASIS OF ACCOUNTING

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund, department and personal services level. Any budgetary modifications at this level may only be made by resolution of the Village's Council.

Tax Budget:

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Village determined that receipts collected will be greater than or less than the prior estimate, and the Budget Commission finds the revised estimate to be reasonable. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. The Village had several amendments to the original estimated certificate during the year ended December 31, 2010.

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The Village adopted several appropriation modifications during the year ended December 31, 2010.

Encumbrances:

As part of the formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Village had no outstanding encumbrances at December 31, 2010.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Village considers “Cash and Cash Equivalents” to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Village totaled \$1,021 for the year ended December 31, 2010.

E. PROPERTY, PLANT AND EQUIPMENT

Capital assets are not capitalized in any of the Village’s funds. Instead, capital acquisition and construction costs are recorded as expenditures in the fund in the year expended. The costs of normal maintenance and repairs, along with improvements, are also expended. Depreciation is not recorded by the Village.

F. UNPAID VACATION AND SICK LEAVE

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

G. INTERFUND TRANSACTIONS

During the course of normal operations, the Village had transactions between funds. The most significant include transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the necessary fund and are recorded as operating transfers. Advances are temporary loans to other funds which will ultimately be repaid.

H. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Village’s cash basis method of accounting.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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

I. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned “Total (Memorandum Only)” to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

The Village maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2010</u>
Deposits:	
Demand Deposits	\$ 36,076
Investments:	
Repurchase Agreement	<u>659,601</u>
Total Cash and Investments	<u>\$ 695,677</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

Investments: The Village’s financial institution has pledged securities to the Village’s agent to collateralize repurchase agreements. The securities are not in the Village’s name. The repurchase agreement is valued at cost.

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. Of the Village’s \$659,601 investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment’s counterparty, not in the name of the Village. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The Village has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 4 - PROPERTY TAX

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

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the Village due to the phasing out of the tax. In calendar years 2006-2010, the Village will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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

NOTE 5 - SHORT-TERM DEBT OBLIGATIONS

At December 31, 2010, short-term debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at December 31, 2010</u>
<u>General Fund:</u>	
2010 \$25,000 Real Estate Acquisition Bond Anticipation Note maturing June 23, 2011 at a 3% interest rate	\$ 25,000
Total General Fund Debt Obligations	<u>\$ 25,000</u>

Transactions for the year ended December 31, 2010, are summarized as follows:

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 5 - SHORT-TERM DEBT OBLIGATIONS - (Continued)

<u>Description</u>	<u>Balance</u> <u>12/31/2009</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/2010</u>
2009 Real Estate Bond Anticipation Note	\$ 50,000	\$ -	\$ (50,000)	\$ -
2010 Real Estate Bond Anticipation Note	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total	<u>\$ 50,000</u>	<u>\$ 25,000</u>	<u>\$ (50,000)</u>	<u>\$ 25,000</u>

NOTE 6 - LONG-TERM DEBT OBLIGATIONS

At December 31, 2010, long-term debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at</u> <u>December 31, 2010</u>
<u>Governmental Fund Type:</u>	
2007 Dump Truck Note, due in semiannual payments of \$6,936 through 2012 at a rate of 4.44%.	\$ 25,957
2004 Various Purpose General Obligation Bonds, due in annual payments of varying amounts through 2018 at a rate of 4.5%.	460,000
1994 Ohio Water Development Authority (OWDA) North Friendship Loan, due in semiannual payments of \$12,084 through 2015 at a rate of 4.56%.	<u>97,334</u>
Total Governmental Fund Type debt obligations	<u>\$ 583,291</u>

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 6 - LONG-TERM DEBT OBLIGATIONS - (Continued)

<u>Description</u>	<u>Balance at December 31, 2010</u>
<u>Proprietary Fund Type:</u>	
2009 Ohio Public Works Commission (OPWC) West End Sewer Loan, due in semiannual payments of \$4,258 at 0% interest through 2040.	\$ 246,982
2009 OWDA Wastewater Treatment Plant Phase II Improvement Loan, upon completion of the project, the loan will be due in semiannual installments of varying amounts, bearing interest of 1%.	17,582
2008 Sludge Press Note, due in annual payments of \$16,446 through 2018 at a rate of 5.25%.	104,908
2006 OWDA Sanitary Sewer Replacement Loan, due in semiannual payments of \$4,294 through 2027 at a rate of 1%.	130,323
2002 OWDA Wastewater Treatment Plant Improvements Loan due in semiannual payments of \$5,823 at 0% interest through 2023.	145,569
1994 OWDA Water Improvement Loan, due in semiannual payments of \$46,269 through 2021 at a rate of 5.85%.	710,715
1985 Sewer USDA Mortgage Revenue Bonds, due in annual payments of varying amounts through 2025 at a rate of 5%.	<u>428,000</u>
Total Proprietary Fund Type debt obligations	<u>\$ 1,784,079</u>

Transactions for the year ended December 31, 2010, are summarized as follows:

<u>Governmental Fund Type</u>	<u>Balance</u>			<u>Balance</u>
<u>Description</u>	<u>12/31/2009</u>	<u>Proceeds</u>	<u>Payments</u>	<u>12/31/2010</u>
2007 Dump Truck Note	\$ 38,136	\$ -	\$ (12,179)	\$ 25,957
2004 Various Purpose General Obligation Bonds	505,000	-	(45,000)	460,000
OWDA Loan-North Friendship	<u>116,409</u>	<u>-</u>	<u>(19,075)</u>	<u>97,334</u>
Total Governmental Fund Type debt obligations	<u>\$ 659,545</u>	<u>\$ -</u>	<u>\$ (76,254)</u>	<u>\$ 583,291</u>

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 6 - LONG-TERM DEBT OBLIGATIONS - (Continued)

<u>Enterprise Fund Type</u> <u>Description</u>	<u>Balance</u> <u>12/31/2009</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/2010</u>
OPWC Loan - West End Sewer 2009	\$ 255,499	\$ -	\$ (8,517)	\$ 246,982
OWDA Loan - Wastewater Treatment Plant Phase II Improvements 2009	13,880	8,025	(4,323)	17,582
2008 Sludge Press	115,234	-	(10,326)	104,908
OWDA Loan-Sanitary Sewer Replacement 2006	137,555	-	(7,232)	130,323
OWDA Loan-Wastewater Treatment Plant Improvement 2002	157,214	-	(11,645)	145,569
OWDA Loan-Water Improvement 1994	758,856	-	(48,141)	710,715
1985 Sewer USDA Mortgage Revenue Bonds	<u>447,000</u>	<u>-</u>	<u>(19,000)</u>	<u>428,000</u>
Total Enterprise Fund Type debt obligations	<u>\$ 1,885,238</u>	<u>\$ 8,025</u>	<u>\$ (109,184)</u>	<u>\$ 1,784,079</u>
Total All Funds	<u>\$ 2,544,783</u>	<u>\$ 8,025</u>	<u>\$ 185,438</u>	<u>\$ 2,367,370</u>

Capital lease payments are included in principal and interest on the financial statements. Principal payments in 2010 were \$39,168 in the governmental fund type - special revenue funds. See Note 8 for additional information regarding the Village's capital leases.

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2010, are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>2007</u> <u>Dump Truck Note</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 12,719	\$ 1,153
2012	<u>13,238</u>	<u>634</u>
Total	<u>\$ 25,957</u>	<u>\$ 1,787</u>

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 6 - LONG-TERM DEBT OBLIGATIONS - (Continued)

Year Ending <u>December 31,</u>	2004 Various <u>Purpose General Obligation</u>		OWDA North <u>Friendship Loan</u>	
	<u>Bonds</u>		<u>Principal</u>	<u>Interest</u>
	<u>Principal</u>	<u>Interest</u>		
2011	\$ 50,000	\$ 22,224	\$ 19,954	\$ 4,214
2012	50,000	19,976	20,874	3,294
2013	55,000	17,726	21,837	2,331
2014	55,000	15,250	22,844	1,324
2015	60,000	12,500	11,825	259
2016 - 2020	<u>190,000</u>	<u>19,250</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 460,000</u>	<u>\$ 106,926</u>	<u>\$ 97,334</u>	<u>\$ 11,422</u>

Year Ending <u>December 31,</u>	2009		
	<u>OPWC West End Sewer</u>	<u>2008 Sludge Press Note</u>	
	<u>Principal</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 8,516	\$ 10,862	\$ 5,584
2012	8,516	11,441	5,005
2013	8,516	12,037	4,409
2014	8,516	12,690	3,756
2015	8,516	13,656	2,790
2016 - 2020	42,580	44,222	5,116
2021 - 2025	42,580	-	-
2026 - 2030	42,580	-	-
2031 - 2035	42,580	-	-
2036 - 2040	<u>34,082</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 246,982</u>	<u>\$ 104,908</u>	<u>\$ 26,660</u>

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 6 - LONG-TERM DEBT OBLIGATIONS - (Continued)

Year Ending December 31,	2006 OWDA Sanitary Sewer Replacement		2002 OWDA Wastewater Treatment Plant
	Principal	Interest	Principal
2011	\$ 7,303	\$ 1,285	\$ 11,646
2012	7,376	1,212	11,646
2013	7,450	1,138	11,646
2014	7,524	1,064	11,646
2015	7,600	988	11,646
2016 - 2020	39,157	3,783	58,230
2021 - 2025	41,161	1,779	29,109
2026 - 2030	12,752	130	-
Total	<u>\$ 130,323</u>	<u>\$ 11,379</u>	<u>\$ 145,569</u>

Year Ending December 31,	1994 OWDA Water Improvement Loan		1985 USDA Mortgage Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 50,960	\$ 41,578	\$ 20,000	\$ 21,400	\$ 191,960	\$ 97,438
2012	53,942	38,596	21,000	20,400	198,033	89,117
2013	57,097	35,441	22,000	19,350	195,583	80,395
2014	60,438	32,100	23,000	18,250	201,658	71,744
2015	63,974	28,564	24,000	17,100	201,217	62,201
2016 - 2020	380,575	82,115	140,000	66,200	894,764	176,464
2021 - 2025	43,729	2,540	178,000	27,550	334,579	31,869
2026 - 2030	-	-	-	-	55,332	130
2031 - 2035	-	-	-	-	42,580	-
2036 - 2040	-	-	-	-	34,082	-
Total	<u>\$ 710,715</u>	<u>\$ 260,934</u>	<u>\$ 428,000</u>	<u>\$ 190,250</u>	<u>\$ 2,349,788</u>	<u>\$ 609,358</u>

On September 30, 2009, Ohio Water Development Authority (OWDA) disbursements originated on the Wastewater Treatment Plant Phase II Improvements Loan. At December 31, 2010, \$21,905 of principal had been disbursed. The loan is not yet finalized, thus no amortization exists; however, the Village was required to make semiannual principal payments starting in 2010.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 7 - DEBT COVENANT

The Village's USDA mortgage revenue bond debt covenant requires the Village to maintain a Sanitary Sewer System Mortgage Revenue Fund, a Sanitary Sewer System Debt Service Fund, and a Sanitary Sewer System Reserve Fund. The debt covenant further requires the following: the Village must first pay all reasonable and proper expenses of operating and maintaining the Sewer fund; second, the Village must monthly, on the first day of each month deposit 1/12th of the next ensuing principal and interest payment into the Sanitary Sewer System Debt Service Fund; third, out of the remaining balance the Village must make up any previous deficiency in any monthly allocation; and fourth, out of the remaining balance of income and revenue after the previous allocations required, are made deposit in the Sanitary Sewer System Reserve Fund the sum of \$345 each month until there is accumulated in the fund the sum of \$41,400 after which no further deposits need be made into said Sanitary Sewer System Reserve Fund except to replace withdrawals. Whenever disbursements are made from the Sanitary Sewer Reserve Fund, monthly payments in the amount of \$345 each shall be resumed until there is again accumulated in the fund the maximum amount of \$41,400, at which time payments may be discontinued. At December 31, 2010, the fund was properly funded.

NOTE 8 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In a prior year, the Village entered into a capitalized lease for a fire truck and pumper apparatus. The accompanying principal and interest payments are recognized within Special Revenue Funds principal and interest line items in the amount of \$39,168 and \$18,086, respectively, for 2010.

Future lease payments are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Fire Truck/ Pumper Apparatus</u>
2011	\$ 57,254
2012	57,254
2013	57,254
2014	57,254
2015	57,254
2016 - 2018	<u>171,762</u>
Total minimum lease payments	458,032
Less: amount representing interest	<u>(77,478)</u>
Present value of minimum lease payments	<u>\$ 380,554</u>

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 8 - CAPITALIZED LEASES - LESSEE DISCLOSURE - (Continued)

The leases meet the criteria of a capital lease as defined by the Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

NOTE 9 - LOCAL INCOME TAX

This locally levied tax of 1.0% applies to gross salaries, wages, and other personal service compensation earned by residents both in and out of the Village, as well as earnings of nonresidents (except certain transients) earned within the Village. It also applies to the net income of business organizations located within the Village. Income tax receipts are credited to the Village's General Fund and amounted to \$568,240.

NOTE 10 - RETIREMENT SYSTEMS

Certain Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. The Village's Police, Fire and Emergency Medical Services employees belong to the Ohio Police & Fire Pension Fund (OP&F).

Contribution rates are also prescribed by the Ohio Revised Code. For 2010, OPERS members contributed 10% of their gross salaries. The Village contributed an amount equal to 14% of participants' gross salaries. For 2010, OP&F members contributed 10% of their gross salaries. The Village contributed an amount equal to 19.5% and 24% for police and fire, respectively, for the year ended December 31, 2010. The Village has paid all contributions required under both plans through December 31, 2010.

NOTE 11 - RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- General liability and casualty
- Public official's liability
- Property (fleet and fire)

The Village also provides health, life, disability, and prescription insurance to full-time employees through a private carrier. The Village has obtained commercial insurance for the following: Property, Liability, Automobile Liability, Employee Dishonesty, Theft, all with various deductibles.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 12 - INTERFUND TRANSACTIONS

The Village had the following interfund transactions for the year ended December 31, 2010:

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
GENERAL FUND	\$ -	\$ 167,020
<u>Special Revenue Funds:</u>		
Street Construction, Maintenance & Repair	120,000	-
Fire	39,990	-
Recreation	7,000	-
MVL Permissive Tax	30	-
Total Special Revenue Funds	<u>167,020</u>	<u>-</u>
<u>Debt Service Fund:</u>		
North Friendship Debt	7,418	-
Total Debt Service Fund	<u>7,418</u>	<u>-</u>
<u>Enterprise Funds:</u>		
Sanitary Sewer	-	56,367
Sewer Debt	41,350	-
WWTP Reserve	5,004	-
WWTP Phase II Improvements	2,595	-
Total Enterprise Funds	<u>48,949</u>	<u>56,367</u>
Total	<u>\$ 223,387</u>	<u>\$ 223,387</u>

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 12 - INTERFUND TRANSACTIONS - (Continued)

The Village had the following interfund transactions for the year ended December 31, 2009:

<u>Fund Type/Fund</u>	<u>Advances In</u>	<u>Advances Out</u>
General Fund	\$ 52,247	\$ 32,247
<u>Capital Projects</u>		
Skate Park Construction Fund	<u>32,247</u>	<u>32,247</u>
<u>Enterprise Fund</u>		
Sanitary Sewer Fund	<u>-</u>	<u>20,000</u>
Total	<u>\$ 84,494</u>	<u>\$ 84,494</u>

Transfers from the General Fund are used to subsidize other funds' activities. The transfers from the Sanitary Sewer Fund to the WWTP Reserve Fund, WWTP Phase II Improvements, the Sewer Debt Fund and the North Friendship Debt Fund are for the retirement of debt and debt reserve requirements as described in the Village's debt covenants.

The \$20,000 advance from the Sanitary Sewer Fund to the General Fund is a repayment of a prior year advance.

The above transfers were made in accordance with the Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 13 - CONTINGENT LIABILITY

LITIGATION

The Village is not currently involved in litigation.



Julian & Grube, Inc.

Serving Ohio Local Governments

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

Members of Council and Mayor
Village of New Concord
2 West Main Street
New Concord, Ohio 43762

We have audited the financial statements of the Village of New Concord, Muskingum County, Ohio, as of and for the year ended December 31, 2010, and have issued our report thereon dated March 9, 2011, wherein we noted the Village of New Concord followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of New Concord's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village of New Concord's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village of New Concord's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village of New Concord's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Members of Council and Mayor
Village of New Concord

Compliance and Other Matters

As part of reasonably assuring whether the Village of New Concord's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

This report is intended solely for the information and use of the Council and management of the Village of New Concord and is not intended to be and should not be used by anyone other than these specified parties.

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

Julian & Grube, Inc.
March 9, 2011

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2009-VONC-001	Ohio Revised Code Section 5705.36(A)(4) states that upon determination by the Fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in the official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the Fiscal Officer shall certify the amount of the deficiency to the commission and the commission shall certify an amended certificate reflecting the deficiency.	Yes	N/A



Dave Yost • Auditor of State

VILLAGE OF NEW CONCORD

MUSKINGUM COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 10, 2011