

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2021-2020

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

OHIO AUDITOR OF STATE
KEITH FABER



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

We have reviewed the *Independent Auditors' Report* of the Village of New Concord, Muskingum County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2020 through December 31, 2021. 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 Concord 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

July 20, 2022

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**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY
FOR THE YEARS ENDED DECEMBER 31, 2021-2020**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Village of New Concord
Muskingum County
2 West Main Street
New Concord, Ohio 43762

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Village of New Concord, Muskingum County, Ohio (the Village) which comprises the cash balances, receipts and disbursements for each governmental fund type and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2021 and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type and proprietary fund and the fiduciary fund type combined total as of and for the year ended December 31, 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Village of New Concord, Muskingum County as of December 31, 2021, or changes in financial position thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards general 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 Responsibilities for the Audit of Financial Statements* section of our report. We are required to be independent of Village of New Concord, 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 opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by Village of New Concord on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles general accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As described in Note 13 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. 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 Village of New Concord'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 Responsibility 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 opinions. 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 was 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 June 23, 2022, on our consideration of 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. The purpose of that report is solely to describe the scope of 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.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 23, 2022

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

| | Governmental Fund Types | | | | Totals (Memorandum Only) |
|---|-------------------------|--------------------|-----------------|---------------------|--------------------------------|
| | General | Special Revenue | Debt Service | Capital Projects | |
| Cash Receipts | | | | | |
| Property Tax and Other Local Taxes | \$ 452,647 | \$ 137,719 | \$ - | \$ - | \$ 590,366 |
| Municipal Income Tax | 668,473 | - | - | - | 668,473 |
| Intergovernmental | 73,046 | 215,027 | 20,074 | - | 308,147 |
| Charges for Services | 570 | 420,336 | - | - | 420,906 |
| Fines, Licenses, and Permits | 40,317 | - | - | - | 40,317 |
| Earnings on Investments | 264 | - | - | - | 264 |
| Miscellaneous | 16,391 | 139,841 | - | - | 156,232 |
| Total Cash Receipts | 1,251,708 | 912,923 | 20,074 | - | 2,184,705 |
| Cash Disbursements | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 396,936 | 666,101 | - | - | 1,063,037 |
| Public Health Services | - | 6,800 | - | - | 6,800 |
| Leisure Time Activities | - | 29,029 | - | - | 29,029 |
| Transportation | - | 218,800 | - | - | 218,800 |
| General Government | 355,418 | 2,474 | - | - | 357,892 |
| Capital Outlay | 13,768 | 226,355 | - | - | 240,123 |
| Debt Service: | | | | | |
| Principal Retirement | 12,521 | 91,266 | 24,863 | - | 128,650 |
| Interest and Fiscal Charges | 970 | 14,185 | 948 | - | 16,103 |
| Total Cash Disbursements | 779,613 | 1,255,010 | 25,811 | - | 2,060,434 |
| Total Receipts Over/(Under) Disbursements | 472,095 | (342,087) | (5,737) | - | 124,271 |
| Other Financing Receipts/(Disbursements) | | | | | |
| Transfers In | - | 392,000 | 5,820 | 7,000 | 404,820 |
| Advances In | 30,000 | - | - | - | 30,000 |
| Transfers Out | (414,820) | - | - | - | (414,820) |
| Advances Out | (30,000) | - | - | - | (30,000) |
| Total Other Financing Receipts/(Disbursements) | (414,820) | 392,000 | 5,820 | 7,000 | (10,000) |
| Net Change in Fund Cash Balances | 57,275 | 49,913 | 83 | 7,000 | 114,271 |
| Fund Cash Balances, January 1, restated | 176,681 | 279,282 | 16 | 3,991 | 459,970 |
| Fund Cash Balances, December 31 | \$ 233,956 | \$ 329,195 | \$ 99 | \$ 10,991 | \$ 574,241 |

See notes to financial statements.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

| | Proprietary |
|---|--------------------|
| | Enterprise |
| Operating Cash Receipts: | |
| Charges for Services | \$ 1,233,980 |
| Total Operating Cash Receipts | 1,233,980 |
| Operating Cash Disbursements: | |
| Personal Services | 443,479 |
| Fringe Benefits | 181,775 |
| Contractual Services | 213,108 |
| Supplies and Materials | 134,081 |
| Other | 1,900 |
| Total Operating Cash Disbursements | 974,343 |
| Operating Income/(Loss) | 259,637 |
| Non-Operating Cash Receipts (Disbursements): | |
| Intergovernmental | 663,141 |
| Loans Issued | 58,008 |
| Capital Outlay | (779,526) |
| Principal Retirement | (170,768) |
| Interest and Other Fiscal Charges | (24,445) |
| Other Financing Uses | 11,646 |
| Total Non-Operating Cash Disbursements | (241,944) |
| Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances | 17,693 |
| Transfers In | 32,200 |
| Advances In | 30,000 |
| Transfers Out | (22,200) |
| Advances Out | (30,000) |
| Net Change In Fund Cash Balance | 27,693 |
| Fund Cash Balances, January 1 | 322,101 |
| Fund Cash Balances, December 31 | \$ 349,794 |

See notes to financial statements.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS AND
CHANGES IN FUND BALANCES (REGULATORY CASH)
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

| | Fiduciary |
|---|------------------|
| | Custodial |
| Additions | |
| Fine, Licenses and Permits for Distribution | \$ 5,800 |
| Other Amounts Collected for Distribution | 45,389 |
| | 51,189 |
| Deductions: | |
| Distributions to Other Governments | 44,616 |
| Other Distributions | 5,800 |
| | 50,416 |
| Total Operating Cash Disbursements | 50,416 |
| Net Change in Fund Cash Balance | 773 |
| Fund Cash Balances, January 1 | 643 |
| Fund Cash Balances, December 31 | \$ 1,416 |

See notes to financial statements.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of New Concord, Muskingum County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides the following services: police protection, fire protection, water, sewer, street maintenance and repair, Village court, as well as other general government services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

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 below:

Governmental Funds

General Fund

The General fund accounts for and reports 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.

Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Fire and EMS Fund – This fund receives transfers from the general fund, grants, and charges for services monies to provide fire and emergency medical services for the Village.

Street Maintenance Fund – This fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

New Concord Cemetery Fund – This fund was established to account for money received from burials and the sale of plots to maintain the New Concord Cemetery.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Garland Hotel TIF Fund – This fund was established to pay expenses related to infrastructure improvements within the designated development area. The process known as “Tax Increment Financing” allows communities to improve inadequate infrastructure in designated development areas. Revenue is received through monies collected by the County Auditor as payments in lieu of taxes from properties in the development area.

Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

Incentive District Debt Fund – This fund was established to pay debt related to infrastructure improvements in the District. The process known as “Tax Increment Financing” allows communities to improve inadequate infrastructure in designated development areas. Revenue is received through bonds and notes issued by the Village. The debt is repaid from monies collected by the County Auditor as payments in lieu of taxes from properties in the District. The County Auditor issues these funds to the Village through the semi-annual tax settlement shown as assessments on the properties in the District. Up to 75% of new taxes on properties in the District will be collected for up to ten years to pay for the new debt to make the improvements.

Various Purpose General Obligation Bond Retirement Fund – This fund receives transfers from the General Fund to pay the required debt payments.

Capital Projects Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

S. Friendship Improvement Fund – This fund was established to enhance economic development at the I-70 Corridor into the Village.

Sidewalk Improvement Program Fund – This fund receives special assessment to maintain village sidewalks.

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.

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

Water System Improvement Fund – This fund was established to pay the cost of infrastructure improvements to the ground water storage system, water line extensions and various improvements, together with all necessary appurtenances thereto on the water system improvements.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds

Custodial funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following significant Fiduciary Fund:

Mayors Court Fund - This fund receives fines and forfeitures from police department citations. These monies are divided between the Village, Muskingum County and the State, as prescribed by the Ohio Revised Code.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain Agency Funds) be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated in the subsequent year.

A summary of 2021 budgetary activity appears in Note 3.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits and Investments

The Village's accounting basis includes investment as assets. This basis does not record disbursement for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Property, Plant, and Equipment

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

Accumulated Leave

In certain circumstances, such as leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable – The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted – Fund balance is *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.

Committed – Council can *commit* via formal action (resolution). The Village must adhere to these commitments unless council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

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 (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 classification could be used.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2021 is as follows:

| 2021 Budgeted vs. Actual Receipts | | | |
|--|----------------------|--------------------|------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 1,112,216 | \$ 1,251,708 | \$ 139,492 |
| Special Revenue | 1,220,610 | 1,304,923 | 84,313 |
| Debt Service | 25,812 | 25,894 | 82 |
| Capital Projects | 15,164 | 7,000 | (8,164) |
| Enterprise | 2,101,561 | 1,998,975 | (102,586) |
| Total | \$ 4,475,363 | \$ 4,588,500 | \$ 113,137 |

| 2021 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|--|----------------------------|---------------------------|------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 1,275,632 | \$ 1,196,658 | \$ 78,974 |
| Special Revenue | 1,650,050 | 1,291,276 | 358,774 |
| Debt Service | 25,812 | 25,811 | 1 |
| Capital Projects | 600 | - | 600 |
| Enterprise | 2,306,526 | 1,976,140 | 330,386 |
| Total | \$ 5,258,620 | \$ 4,489,885 | \$ 768,735 |

Contrary to ORC 5705.41(D), the Village made expenditures without prior certification.

4. DEPOSITS AND INVESTMENTS

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposits and investment accounts are as follows:

| | 2021 |
|--|------------|
| <i>Cash Management Pool</i> | |
| Demand deposits | \$ 925,451 |
| Total Carrying Amount of Deposits and Investments held in Pool | \$ 925,451 |

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Village is holding \$0 in unremitted employee payroll withholdings.

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized through 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.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

5. PROPERTY TAX

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

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

6. LOCAL INCOME TAX

The Village levies a municipal income tax of one and a half percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- * Comprehensive property and general liability
- * Vehicles; and
- * Errors and omissions

8. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

Some of the Village's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2021, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.0% of participant's gross salaries. The Village has paid all contributions required through December 31, 2021.

Ohio Police and Fire Retirement

The Village's full-time police officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants in 2021, contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police officer's wages. The Village has paid all contributions required through December 31, 2021.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

8. DEFINED BENEFIT PENSION PLAN (Continued)

Social Security

Certain 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.

9. POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021, OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

10. DEBT

Debt outstanding at December 31, 2021 was as follows:

| | 2021 Principal | % |
|---|-------------------|--------|
| 2011 Sewer Bonds | \$ 141,575 | 4.125 |
| 2014 TIF Bonds | 25,334 | 1.8875 |
| 2012 OPWC Loan CR19P | 81,324 | 0.00 |
| 2010 OPWC Loan CR29M | 161,817 | 0.00 |
| 2019 OPWC Loan CR26U | 555,574 | 0.00 |
| OWDA Wastewater Improvement Loan #3665 | 17,468 | 0.00 |
| OWDA East Side Sanitary Sewer Loan #4475 | 45,839 | 1.00 |
| OWDA Waterline Replacement Loan #6192 | 8,246 | 3.45 |
| OWDA Ground Water Storage Tank Loan #7674 | 211,699 | 1.14 |
| OWDA Backup Power WWTP Loan #8800 | 100,308 | 1.00 |
| OWDA WTP Clarifier Loan #9010 | 100,991 | 0.50 |
| USDA Wastewater Treatment Plant Loan | 474,820 | 2.25 |
| Ford Medic Lease | 114,929 | 2.85 |
| Peoples Fire Truck Lease | 272,760 | 2.79 |
| 2019 Ford Cruiser Lease | 12,996 | 3.75 |
| K9 Cruiser Lease | 5,680 | 2.95 |
| Ford F350 Lease | 26,869 | 3.75 |
| Total | \$ 2,358,229 | |

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

10. DEBT (Continued)

The 2011 Sewer Bonds were a refinanced debt of 2011 in the amount of \$408,000. Repayment is made to the Community Bank in semiannual payments of \$19,405 from the Sewer Revenue Fund. Sewer receipts collateralize the loan.

The 2014 General Obligation TIF Bonds were issued for \$190,000 at the rate of 1.8875%. Annual payments are made from the Incentive District Debt Fund. These bonds are secured by the full faith, credit and revenue of the Village.

The Ohio Public Works Commission (OPWC) loans relate to various water and sewer projects in the Village. The West End Sewer loan began in 2009-2010. Repayment is made from the Sewer Revenue Fund in semiannual payments of \$4,258. The Water Tank Improvements loan began in 2013-2014. Repayment is made from the Water Revenue Fund in semiannual payments of \$5,422. The Water Storage Tank Replacement loan began in 2017-2018, with the first payment due in July 2019. Repayment is made in semiannual payments of \$9,921. Utility revenues were pledged to secure the OPWC loans.

The Ohio Water Development Authority (OWDA) loans relate to various water and sewer projects in the Village. Wastewater Treatment Plant Improvements loan is from 2002. Repayment is made from the Sewer Revenue Fund in semiannual payments of \$5,823 from the Sewer Revenue Fund. The Sanitary Sewer Replacement loan was entered into in 2005. Repayment is made from the Sewer Operating Fund in semiannual loan payments of \$4,293. The Waterline Replacement Loan is paid from the Water Revenue Fund in semiannual payments of \$4,230. The Ground Water Storage Tank Loan was entered into in 2017 paid in semiannual installments of \$4,565 from the Water Revenue Fund. The following projects are not yet completed, therefore, no amortization schedules are available for the following: Backup Power WWTP Loan and the WTP Clarifiers Loan. Utility revenues were pledged to secure the OWDA Loans.

The USDA Sewer Plan Mortgage Revenue Bonds of 2011 were issued for \$725,000 at the rate of 2.25%. Repayment is made from the required USDA WWTP Bond Retirement Fund. The bonds are secured by sewer revenues.

Leases

The Village entered into a lease agreement with Huntington National Bank in 2017 to acquire a Ford Medic to be used in fire and EMS operations in the amount of \$254,118.

The Village entered into a lease agreement with Community Bank in 2019 to acquire a 2019 Ford Cruiser to be used in police operations in the amount of \$37,538.

The Village entered into a lease agreement with Community Bank in 2019 to acquire a K9 Cruiser to be used in police operations in the amount of \$16,550.

The Village entered into a lease agreement with Community Bank in 2019 to acquire a Ford F350 Truck to be used in street operations in the amount of \$43,178.

The Village entered into a lease agreement with Peoples Bank in 2020 to acquire a Fire Truck to be used in fire operations in the amount of \$314,000.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

10. DEBT (Continued)

Amortization of the above debt, including interest, is scheduled as follows:

| Year Ending December 31 | 2011 Sewer Bonds | 2014 TIF Bonds | OPWC Loans | OWDA Loans | Leases |
|----------------------------|---------------------|-------------------|-------------------|-------------------|-------------------|
| 2022 | \$ 38,810 | \$ 25,811 | \$ 39,202 | \$ 37,824 | \$ 119,502 |
| 2023 | 38,810 | - | 39,202 | 23,541 | 100,161 |
| 2024 | 38,810 | - | 39,201 | 17,718 | 100,161 |
| 2025 | 38,810 | - | 39,202 | 17,717 | 50,001 |
| 2026 | - | - | 39,203 | 17,718 | 50,001 |
| 2027-2031 | - | - | 168,902 | 49,950 | 50,001 |
| 2032-2036 | - | - | 133,637 | 45,658 | - |
| 2037-2041 | - | - | 141,793 | 45,657 | - |
| 2042-2046 | - | - | 99,210 | 45,658 | - |
| 2047-2051 | - | - | 59,524 | 18,263 | - |
| | <u>\$ 155,240</u> | <u>\$ 25,811</u> | <u>\$ 799,076</u> | <u>\$ 319,704</u> | <u>\$ 469,827</u> |

| Year Ending December 31 | USDA |
|----------------------------|-------------------|
| 2022 | \$ 22,261 |
| 2023 | 22,304 |
| 2024 | 22,341 |
| 2025 | 22,271 |
| 2026 | 22,297 |
| 2027-2031 | 111,533 |
| 2032-2036 | 111,463 |
| 2037-2041 | 111,570 |
| 2042-2046 | 111,438 |
| 2047-2051 | 111,549 |
| | <u>\$ 669,027</u> |

11. CONTINGENT LIABILITIES

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

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

12. FUND BALANCES

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the expendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end, the balances of those amounts were as follows:

| <u>Fund Balances</u> | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Total</u> |
|----------------------|-----------------|----------------------------|-------------------------|-----------------------------|------------------|
| Nonspendable: | | | | | |
| Corpus | \$ - | \$ - | \$ - | \$ - | \$ - |
| Outstanding Encum. | <u>2,225</u> | <u>36,266</u> | <u>-</u> | <u>-</u> | <u>38,491</u> |
| Total | <u>\$ 2,225</u> | <u>\$ 36,266</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 38,491</u> |

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

13. COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency continues. During 2021, the Village did receive COVID-19 funding. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

The Village received \$116,221 in 2021 from the American Rescue Plan.

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Village of New Concord
Muskingum County
2 West Main Street
New Concord, Ohio 43762

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and related notes of Village of New Concord, Muskingum County, Ohio.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Village of New Concord, Muskingum County as of December 31, 2020 and the respective changes in financial position or cash flows thereof for the year ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and related notes of Village of New Concord, Muskingum County, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 14 to the 2020 financial statements, during 2020, the impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 23, 2022, on our consideration of 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. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 23, 2022

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

| | Governmental Fund Types | | | | Totals (Memorandum Only) |
|---|-------------------------|--------------------|-----------------|---------------------|--------------------------------|
| | General | Special Revenue | Debt Service | Capital Projects | |
| Cash Receipts | | | | | |
| Property Tax and Other Local Taxes | \$ 419,591 | \$ 122,678 | \$ - | \$ - | \$ 542,269 |
| Municipal Income Tax | 610,656 | - | - | - | 610,656 |
| Intergovernmental | 51,894 | 253,375 | 20,214 | - | 325,483 |
| Special Assessments | - | - | - | 7,617 | 7,617 |
| Charges for Services | 930 | 423,201 | - | - | 424,131 |
| Fines, Licenses, and Permits | 31,846 | 566 | - | - | 32,412 |
| Earnings on Investments | 2,417 | 48 | - | - | 2,465 |
| Miscellaneous | 103,278 | 169,197 | - | - | 272,475 |
| Total Cash Receipts | 1,220,612 | 969,065 | 20,214 | 7,617 | 2,217,508 |
| Cash Disbursements | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 359,783 | 662,573 | - | - | 1,022,356 |
| Public Health Services | - | 4,625 | - | - | 4,625 |
| Leisure Time Activities | - | 24,720 | - | - | 24,720 |
| Transportation | - | 234,408 | - | - | 234,408 |
| General Government | 363,191 | 47,517 | - | - | 410,708 |
| Capital Outlay | 8,750 | 549,739 | - | 11,281 | 569,770 |
| Debt Service: | | | | | |
| Principal Retirement | 21,916 | 53,743 | 44,785 | - | 120,444 |
| Interest and Fiscal Charges | 1,703 | 7,601 | 2,187 | - | 11,491 |
| Total Cash Disbursements | 755,343 | 1,584,926 | 46,972 | 11,281 | 2,398,522 |
| Total Receipts Over/(Under) Disbursements | 465,269 | (615,861) | (26,758) | (3,664) | (181,014) |
| Other Financing Receipts/(Disbursements) | | | | | |
| Other Debt Proceeds | - | 314,000 | - | - | 314,000 |
| Transfers In | - | 396,000 | 26,759 | 7,000 | 429,759 |
| Advances In | 70,000 | - | - | 4,000 | 74,000 |
| Transfers Out | (429,759) | - | - | - | (429,759) |
| Advances Out | (70,000) | - | - | (4,000) | (74,000) |
| Total Other Financing Receipts/(Disbursements) | (429,759) | 710,000 | 26,759 | 7,000 | 314,000 |
| Net Change in Fund Cash Balances | 35,510 | 94,139 | 1 | 3,336 | 132,986 |
| Fund Cash Balances, January 1, restated | 141,171 | 185,143 | 15 | 655 | 326,984 |
| Fund Cash Balances, December 31 | \$ 176,681 | \$ 279,282 | \$ 16 | \$ 3,991 | \$ 459,970 |

See notes to financial statements.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

| | Proprietary |
|---|--------------------|
| | Enterprise |
| Operating Cash Receipts: | |
| Charges for Services | \$ 1,177,180 |
| Total Operating Cash Receipts | 1,177,180 |
| Operating Cash Disbursements: | |
| Personal Services | 418,646 |
| Fringe Benefits | 172,831 |
| Contractual Services | 197,112 |
| Supplies and Materials | 123,403 |
| Other | 645 |
| Total Operating Cash Disbursements | 912,637 |
| Operating Income/(Loss) | 264,543 |
| Non-Operating Cash Receipts (Disbursements): | |
| Loans Issued | 152,192 |
| Capital Outlay | (176,805) |
| Principal Retirement | (250,920) |
| Interest and Other Fiscal Charges | (28,557) |
| Other Financing Sources | 72,134 |
| Total Non-Operating Cash Disbursements | (231,956) |
| Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances | 32,587 |
| Transfers In | 22,361 |
| Advances In | 66,000 |
| Transfers Out | (22,361) |
| Advances Out | (66,000) |
| Net Change In Fund Cash Balance | 32,587 |
| Fund Cash Balances, January 1 | 289,514 |
| Fund Cash Balances, December 31 | \$ 322,101 |

See notes to financial statements.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS AND
CHANGES IN FUND BALANCES (REGULATORY CASH)
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

| | Fiduciary |
|--|------------------|
| | Custodial |
| Additions | |
| Other Amounts Collected for Distribution | \$ 32,792 |
| Total Additions | 32,792 |
| Deductions: | |
| Distributions to Other Governments | 33,493 |
| Total Operating Cash Disbursements | 33,493 |
| Net Change in Fund Cash Balance | (701) |
| Fund Cash Balances, January 1, restated | 1,344 |
| Fund Cash Balances, December 31 | \$ 643 |

See notes to financial statements.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of New Concord, Muskingum County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides the following services: police protection, fire protection, water, sewer, street maintenance and repair, Village court, as well as other general government services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

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 below:

Governmental Funds

General Fund

The General fund accounts for and reports 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.

Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Fire and EMS Fund – This fund receives transfers from the general fund, grants, and charges for services monies to provide fire and emergency medical services for the Village.

Street Maintenance Fund – This fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

New Concord Cemetery Fund – This fund was established to account for money received from burials and the sale of plots to maintain the New Concord Cemetery.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Garland Hotel TIF Fund – This fund was established to pay expenses related to infrastructure improvements within the designated development area. The process known as “Tax Increment Financing” allows communities to improve inadequate infrastructure in designated development areas. Revenue is received through monies collected by the County Auditor as payments in lieu of taxes from properties in the development area.

Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

Incentive District Debt Fund – This fund was established to pay debt related to infrastructure improvements in the District. The process known as “Tax Increment Financing” allows communities to improve inadequate infrastructure in designated development areas. Revenue is received through bonds and notes issued by the Village. The debt is repaid from monies collected by the County Auditor as payments in lieu of taxes from properties in the District. The County Auditor issues these funds to the Village through the semi-annual tax settlement shown as assessments on the properties in the District. Up to 75% of new taxes on properties in the District will be collected for up to ten years to pay for the new debt to make the improvements.

Various Purpose General Obligation Bond Retirement Fund – This fund receives transfers from the General Fund to pay the required debt payments.

Capital Projects Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

S. Friendship Improvement Fund – This fund was established to enhance economic development at the I-70 Corridor into the Village.

Sidewalk Improvement Program Fund – This fund receives special assessment to maintain village sidewalks.

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.

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

Water System Improvement Fund – This fund was established to pay the cost of infrastructure improvements to the ground water storage system, water line extensions and various improvements, together with all necessary appurtenances thereto on the water system improvements.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds

Custodial funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following significant Fiduciary Fund:

Mayors Court Fund - This fund receives fines and forfeitures from police department citations. These monies are divided between the Village, Muskingum County and the State, as prescribed by the Ohio Revised Code.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain Agency Funds) be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated in the subsequent year.

A summary of 2020 budgetary activity appears in Note 4.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits and Investments

The Village's accounting basis includes investment as assets. This basis does not record disbursement for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Property, Plant, and Equipment

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

Accumulated Leave

In certain circumstances, such as leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable – The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted – Fund balance is *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.

Committed – Council can *commit* via formal action (resolution). The Village must adhere to these commitments unless council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

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 (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 classification could be used.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

3. COMPLIANCE

Contrary to Ohio Revised Code Section 5705.39, the WTP Clarifier Fund and Backup Power WWTP Fund had appropriations exceeding estimated resources by \$120,000 and 4157,641, Respectively.

4. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2020 is as follows:

| 2020 Budgeted vs. Actual Receipts | | | |
|--|----------------------|---------------------|-------------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 1,109,800 | \$ 1,220,612 | \$ 110,812 |
| Special Revenue | 1,366,709 | 1,679,065 | 312,356 |
| Debt Service | 46,973 | 46,973 | - |
| Capital Projects | 15,164 | 14,617 | (547) |
| Enterprise | 1,520,652 | 1,423,867 | (96,785) |
| Total | <u>\$ 4,059,298</u> | <u>\$ 4,385,134</u> | <u>\$ 325,836</u> |

| 2020 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|--|----------------------------|---------------------------|-------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 1,250,314 | \$ 1,185,102 | \$ 65,212 |
| Special Revenue | 1,628,971 | 1,585,033 | 43,938 |
| Debt Service | 46,973 | 46,972 | 1 |
| Capital Projects | 11,281 | 11,281 | - |
| Enterprise | 1,875,862 | 1,392,169 | 483,693 |
| Total | <u>\$ 4,813,401</u> | <u>\$ 4,220,557</u> | <u>\$ 592,844</u> |

Contrary to ORC 5705.41(D), the Village made expenditures without prior certification.
Contrary to ORC 5705.41(B), the Village had a fund with expenditures exceeding appropriations.

5. DEPOSITS AND INVESTMENTS

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposits and investment accounts are as follows:

| | <u>2020</u> |
|--|-------------------|
| Cash Management Pool | |
| Demand deposits | <u>\$ 782,714</u> |
| Total Carrying Amount of Deposits and Investments held in Pool | <u>\$ 782,714</u> |

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Village is holding \$0 in unremitted employee payroll withholdings.

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized through 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.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

6. PROPERTY TAX

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

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

7. LOCAL INCOME TAX

The Village levies a municipal income tax of one and a half percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

8. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- * Comprehensive property and general liability
- * Vehicles; and
- * Errors and omissions

9. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

Some of the Village's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2020, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.0% of participant's gross salaries. The Village has paid all contributions required through December 31, 2020.

Ohio Police and Fire Retirement

The Village's full-time police officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants in 2020, contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police officer's wages. The Village has paid all contributions required through December 31, 2020.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

9. DEFINED BENEFIT PENSION PLAN (Continued)

Social Security

Certain Village employees contributed to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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

10. POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020, OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

11. DEBT

Debt outstanding at December 31, 2020 was as follows:

| | 2020 | |
|---|---------------------|----------|
| | <u>Principal</u> | <u>%</u> |
| 2011 Sewer Bonds | \$ 173,457 | 4.125 |
| 2014 TIF Bonds | 50,197 | 1.8875 |
| 2012 OPWC Loan CR19P | 92,168 | 0.00 |
| 2010 OPWC Loan CR29M | 170,333 | 0.00 |
| 2019 OPWC Loan CR26U | 575,416 | 0.00 |
| OWDA Water Improvement Loan #2935 | 43,727 | 5.85 |
| OWDA Wastewater Improvement Loan #3665 | 29,114 | 0.00 |
| OWDA East Side Sanitary Sewer Loan #4475 | 53,907 | 1.00 |
| OWDA Waterline Replacement Loan #6192 | 16,216 | 3.45 |
| OWDA Ground Water Storage Tank Loan #7674 | 218,360 | 1.14 |
| OWDA Asset Management Plan Loan #7891 | 2,619 | 0.00 |
| OWDA Backup Power WWTP Loan #8800 | 84,276 | 1.00 |
| OWDA WTP Clarifier Loan #9010 | 66,808 | 0.50 |
| USDA Wastewater Treatment Plant Loan | 486,020 | 2.25 |
| Ford Medic Lease | 151,130 | 2.85 |
| Peoples Fire Truck Lease | 314,000 | 2.79 |
| 2019 Ford Cruiser Lease | 25,517 | 3.75 |
| K9 Cruiser Lease | 11,196 | 2.95 |
| Ford F350 Lease | 35,178 | 3.75 |
| Total | <u>\$ 2,599,639</u> | |

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

11. DEBT (Continued)

The 2011 Sewer Bonds were a refinanced debt of 2011 in the amount of \$408,000. Repayment is made to the Community Bank in semiannual payments of \$19,405 from the Sewer Revenue Fund. Sewer receipts collateralize the loan.

The 2014 General Obligation TIF Bonds were issued for \$190,000 at the rate of 1.8875%. Annual payments are made from the Incentive District Debt Fund. These bonds are secured by the full faith, credit and revenue of the Village.

The Ohio Public Works Commission (OPWC) loans relate to various water and sewer projects in the Village. The West End Sewer loan began in 2009-2010. Repayment is made from the Sewer Revenue Fund in semiannual payments of \$4,258. The Water Tank Improvements loan began in 2013-2014. Repayment is made from the Water Revenue Fund in semiannual payments of \$5,422. The Water Storage Tank Replacement loan began in 2017-2018, with the first payment due in July 2019. Repayment is made in semiannual payments of \$9,921. Utility revenues were pledged to secure the OPWC loans.

The Ohio Water Development Authority (OWDA) loans relate to various water and sewer projects in the Village. The Water Improvement loan of 1994 is paid from the Water Revenue Fund in semiannual payments of \$46,267. Wastewater Treatment Plant Improvements loan is from 2002. Repayment is made from the Sewer Revenue Fund in semiannual payments of \$5,823 from the Sewer Revenue Fund. The Sanitary Sewer Replacement loan was entered into in 2005. Repayment is made from the Sewer Operating Fund in semiannual loan payments of \$4,293. The Waterline Replacement Loan is paid from the Water Revenue Fund in semiannual payments of \$4,230. The Ground Water Storage Tank Loan was entered into in 2017 paid in semiannual installments of \$4,565 from the Water Revenue Fund. The following projects are not yet completed, therefore, no amortization schedules are available for the following: Asset Management Plan Loan, Backup Power WWTP Loan and the WTP Clarifiers Loan. Utility revenues were pledged to secure the OWDA Loans.

The USDA Sewer Plan Mortgage Revenue Bonds of 2011 were issued for \$725,000 at the rate of 2.25%. Repayment is made from the required USDA WWTP Bond Retirement Fund. The bonds are secured by sewer revenues.

Leases

The Village entered into a lease agreement with Huntington National Bank in 2017 to acquire a Ford Medic to be used in fire and EMS operations in the amount of \$254,118.

The Village entered into a lease agreement with Community Bank in 2019 to acquire a 2019 Ford Cruiser to be used in police operations in the amount of \$37,538.

The Village entered into a lease agreement with Community Bank in 2019 to acquire a K9 Cruiser to be used in police operations in the amount of \$16,550.

The Village entered into a lease agreement with Community Bank in 2019 to acquire a Ford F350 Truck to be used in street operations in the amount of \$43,178.

The Village entered into a lease agreement with Peoples Bank in 2020 to acquire a Fire Truck to be used in fire operations in the amount of \$314,000. The first payment will be in 2021.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

11. DEBT (Continued)

Amortization of the above debt, including interest, is scheduled as follows:

| Year Ending December 31 | 2011 Sewer Bonds | 2014 TIF Bonds | OPWC Loans | OWDA Loans | Leases |
|----------------------------|---------------------|-------------------|-------------------|-------------------|-------------------|
| 2021 | \$ 38,810 | \$ 25,811 | \$ 39,201 | \$ 83,283 | \$ 118,942 |
| 2022 | 38,810 | 25,811 | 39,202 | 37,824 | 119,502 |
| 2023 | 38,810 | - | 39,202 | 23,541 | 100,161 |
| 2024 | 38,810 | - | 39,201 | 17,718 | 100,161 |
| 2025 | 38,810 | - | 39,202 | 17,717 | 50,001 |
| 2026-2030 | - | - | 179,746 | 58,537 | 100,002 |
| 2031-2035 | - | - | 141,794 | 45,657 | - |
| 2036-2040 | - | - | 141,793 | 45,658 | - |
| 2041-2045 | - | - | 99,210 | 45,657 | - |
| 2046-2050 | - | - | 79,366 | 27,395 | - |
| | <u>\$ 194,050</u> | <u>\$ 51,622</u> | <u>\$ 837,917</u> | <u>\$ 402,987</u> | <u>\$ 588,769</u> |

| Year Ending December 31 | USDA |
|----------------------------|-------------------|
| 2021 | \$ 22,313 |
| 2022 | 22,261 |
| 2023 | 22,304 |
| 2024 | 22,341 |
| 2025 | 22,271 |
| 2026-2030 | 111,505 |
| 2031-2035 | 111,508 |
| 2036-2040 | 111,508 |
| 2041-2045 | 111,492 |
| 2046-2050 | 111,546 |
| 2051-2055 | 22,291 |
| | <u>\$ 691,340</u> |

Also, the Total amount of debt previously stated in the 2018-2019 audit report of \$2,505,054 was restated to \$2,504,811 as of January 1, 2020 for loan adjustments by OWDA.

12. CONTINGENT LIABILITIES

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

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

13. FUND BALANCES

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the expendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end, the balances of those amounts were as follows:

| <u>Fund Balances</u> | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Total</u> |
|----------------------|----------------|----------------------------|-------------------------|-----------------------------|---------------|
| Nonspendable: | | | | | |
| Corpus | \$ - | \$ - | \$ - | \$ - | \$ - |
| Outstanding Encum. | - | 107 | - | - | 107 |
| Total | \$ - | \$ 107 | \$ - | \$ - | \$ 107 |

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

14. COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received \$162,379 as an on-behalf grant from another government. These amounts are recorded in the Coronavirus Relief Special Revenue Fund.

15. RESTATEMENT OF FUND BALANCE

Fund balance in the General Fund has been restated for the year beginning January 1, 2020 for voided checks:

| | |
|-----------------------------------|-------------------------|
| | <u>General Fund</u> |
| Fund Balance at December 31, 2019 | \$ 140,551 |
| Adjustments | 620 |
| Fund Balance at January 1, 2020 | <u>\$ 141,171</u> |

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS.**

Village of New Concord
Muskingum County
2 West Main Street
New Concord, Ohio 43762

To the Village Council:

We have audited, in accordance with auditing standards general accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standard* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements of the Village of New Concord, Muskingum County (the Village) and have issued our report thereon dated June 23, 2022, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Village.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Village of New Concord's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on 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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of Findings we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings as item 2021-002 to be a material weakness.

A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings as item 2021-004 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of New Concord's financial statements are free of 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 two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as items 2021-001 and 2021-003.

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.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 23, 2022

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

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

FINDING NUMBER 2021-001

Noncompliance – Certification of Funds

Ohio Revised Code Section 5705.41(D) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer’s certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: “then and now” certificates, blanket certificates and super blanket certificates, which are provided for in Sections 5705.41(D) (1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

- If the fiscal officer can certify that both at the time that the contract or order was made (“then”) and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has 30 days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution. Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of the expenditures by the Village.
- Blanket Certificates. Fiscal officers may prepare “blanket” certificates if the Village has approved their use and established maximum amounts.
- Super Blanket Certificates. The Village may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonable predictable operation expense. This certification is not to extend beyond the current year. More than one so-called “super blanket” certificate may be outstanding at a particular time for any line item appropriation.

The Village did not certify the availability of funds prior to the purchase commitment for 38% of expenditures tested. For these items the Village also did not prepare blanket certificates, super blankets certificates or then and now certificates in accordance with the Ohio Revised Code. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

We recommend the Village certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Village incurs a commitment and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper code, to reduce available appropriations.

Client Response: We did not receive a response from the client.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

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

FINDING NUMBER 2021-002

Material Weakness – Financial Reporting

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

As a result of audit procedures performed, errors were noted in the Village’s financial statements that required audit adjustments and reclassifications as follows:

Adjustments:

- In 2021, an adjustment was made to increase Street Assessment Fund balance in the amount of \$1,093 and decrease General Fund balance for improper allocation of Rollback monies.
- In 2021, an adjustment was made to record Other Debt Proceeds and Capital Outlay expenditures in the amount of \$18,047 for the Backup Power WWTP fund for loan activity.
- In 2021, an adjustment was made to record increase revenue by \$33,740 and increase disbursements by \$32,967 in the Mayors Court Fund to show all activity.
- In 2020, an adjustment was made to increase Street Assessment Fund balance in the amount of \$1,989 and decrease General Fund balance for improper allocation of Rollback monies.
- In 2020, an adjustment was made to increase Other Debt Proceeds and Capital Outlay in the Fire and EMS Fund for the lease purchase of a fire truck.
- In 2020, an adjustment was made to increase Loan Proceeds by \$29,277, increase Other Financing Sources by \$36,990 and increase Principal Retirement by \$66,267 in the Water Revenue Fund for properly showing of debt activity.
- In 2020, an adjustment was made to record increase revenue by \$22,413 and increase disbursements by \$23,115 in the Mayors Court Fund to show all activity.

Reclassifications:

- In 2021, a reclassification from Property and Other Taxes to Intergovernmental Revenue in the amount of \$11,109 to properly show rollback monies received in the General Fund.
- In 2021, a reclassification from Miscellaneous Revenue to Intergovernmental in the amount of \$116,221 in the American Rescue Plan Fund.
- In 2021, a reclassification from Miscellaneous Revenue to Intergovernmental Revenue in the amount of \$20,074 in the Debt Service Funds.
- In 2021, a reclassification from Loan Proceeds to Intergovernmental Revenue in the amount of \$37,741 in the WTP Clarifier Fund for debt activity.
- In 2021, a reclassification from Loan Proceeds to Intergovernmental Revenue in the amount of \$319,706 in the Friendship Drive Waterline Project Fund for debt activity.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

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

FINDING NUMBER 2021-002 (Continued)

- In 2020, a reclassification from Property and Other Taxes to Intergovernmental Revenue in the amount of \$11,309 to properly show rollback monies received in the General Fund.
- In 2020, a reclassification from Miscellaneous Revenue to Intergovernmental in the amount of \$162,379 in the Cares Act Fund.
- In 2020, a reclassification from Miscellaneous Revenue to Intergovernmental in the amount of \$9,379 in the Fire and EMS Fund.
- In 2020, a reclassification from Transportation to Capital Outlay in the amount of \$11,281 for side walk improvement in the Sidewalk Improvement Fund.

Sound financial reporting is the responsibility of the Village and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. The financial statements and accounting system have been adjusted accordingly.

To help ensure the Village’s financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures to identify and correct errors and omissions. In addition, the Village should review the financial statements and notes prior to submission for audit.

Client Response: We did not receive a response from the client.

FINDING NUMBER 2021-003

Noncompliance – Appropriations Exceeding Estimated Resources

Ohio Revised Code Section 5705.39 provides, in part, that total appropriations from each fund shall not exceed the total estimated resources. The following funds had appropriations exceed estimated resources.

| Fund | Year | Estimated Resources | Appropriations | Variance |
|--------------------|------|---------------------|----------------|--------------|
| Fire & EMS | 2021 | \$ 914,362 | \$ 1,100,372 | \$ (186,010) |
| Incentive TIF Debt | 2021 | 1 | 25,812 | (25,811) |
| WTP Clarifiers | 2021 | 20,000 | 120,000 | (100,000) |
| General Fund | 2020 | 1,245,723 | 1,286,574 | (40,851) |
| Street Assessment | 2020 | 113,874 | 223,579 | (109,705) |
| Sidewalk Improve. | 2020 | 18,500 | 23,000 | (4,500) |
| WTP Clarifiers | 2020 | - | 120,000 | (120,000) |
| Backup Power WTP | 2020 | - | 157,641 | (157,641) |

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

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

FINDING NUMBER 2021-003 (Continued)

Failure to limit appropriations to the amount certified by the Budget Commission could result in overspending and negative fund balances. The Village should regularly monitor appropriations and estimated resources to ensure that appropriations do not exceed the total estimated resources available for expenditures in each fund. This will help to reduce the risk of overspending within the Village and will add a measure of control over the Village's budgetary process.

Client Response: We did not receive a response from the client.

FINDING NUMBER 2021-004

Significant Deficiency – Posting of Budget

The Village should have internal controls in place to reasonably assure that budgetary accounts are integrated into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and disbursements.

The Village does enter budgetary data for estimated receipts and expenditures. However, the amounts entered do not agree with the Official Certificate of Estimated Resources or approved appropriations. This can lead to decisions being made on faulty budgetary data and can lead to overspending and creating a negative fund balance if not monitored.

We recommend that the Village post the approved appropriations and official certificate of estimated resources to the UAN system around the first of each year. Then any amendments to those official documents be posted to the system upon approval. This will lead to correct budgetary information and Village decisions can be made on accurate data.

Client Response: We did not receive a response from the client.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

| Finding Number | Finding Summary | Fully Corrected | Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain: |
|----------------|--|-----------------|--|
| 2019-001 | Noncompliance 5705.41(D) expenditures made prior to certification | Yes | Not Corrected: Stated as Finding Number 2021-001 in current report |
| 2019-002 | Material Weakness Financial Reporting | No | Not Corrected: Stated as Finding Number 2021-002 in current report |
| 2019-003 | Noncompliance ORC 5705.09 (E) | Yes | Finding No Longer Valid |
| 2019-004 | Noncompliance ORC 5705.41(B) | Yes | Finding No Longer Valid |
| 2019-005 | Significant Deficiency Budget Postings | No | Not Corrected: Stated as Finding Number 2021-004 in current report |

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF NEW CONCORD

MUSKINGUM 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 8/2/2022

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