

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

Financial Statements
(Audited)

For The Year Ended
December 31, 2003

SUE WILSON, CLERK/TREASURER



**Auditor of State
Betty Montgomery**

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

We have reviewed the Independent Auditor's Report of the Village of New Concord, Muskingum County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 2003 through December 31, 2003. 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.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

May 6, 2004

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

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TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the Village of New Concord (the “Village”), Muskingum County, Ohio, as of and for the year ended December 31, 2003. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 2, the Village prepares its financial statements on the basis of accounting prescribed or permitted by Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances and fund balances of the Village of New Concord, Muskingum County, as of December 31, 2003, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements for the year then ended on the basis of accounting described in Note 2.

As described in Note 3, the Village reclassified its Heritage Agency Fund during 2003.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2004, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.
March 19, 2004

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

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2003

<u>Cash and Investments</u>	<u>2003</u>
Cash and Cash Equivalents	\$ 48,174
Investments	<u>747,317</u>
Total Cash and Investments	<u>\$ 795,491</u>
 <u>Fund Balances</u>	
<u>Governmental Fund Types:</u>	
General Fund	\$ 194,528
Special Revenue Funds	235,976
Debt Service Funds	14,467
Capital Projects Funds	<u>206,936</u>
Total Governmental Fund Types	<u>651,907</u>
 <u>Proprietary Fund Type:</u>	
Enterprise Funds	<u>143,584</u>
Total Fund Balances	<u>\$ 795,491</u>

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

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

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash receipts:					
Local taxes	\$ 515,200	\$ 72,556	\$ -	\$ -	\$ 587,756
Intergovernmental	84,776	58,815	-	117,549	261,140
Special assessments	-	-	27,613	-	27,613
Charges for services	-	172,605	-	-	172,605
Fines, licenses, and permits	53,602	-	-	-	53,602
Interest	8,493	247	-	-	8,740
Rental income	3,200	-	-	-	3,200
Donations	1,000	4,378	-	-	5,378
Miscellaneous	32,959	5,112	-	-	38,071
Total cash receipts	<u>699,230</u>	<u>313,713</u>	<u>27,613</u>	<u>117,549</u>	<u>1,158,105</u>
Cash disbursements:					
Current:					
Security of persons and property	160,159	128,091	-	-	288,250
Transportation	-	151,739	-	-	151,739
General government	223,822	1,325	1,380	-	226,527
Leisure time activities	-	5,901	-	-	5,901
Capital outlay	18,691	137,025	-	631,444	787,160
Debt service:					
Principal retirement	18,106	50,810	38,128	126,000	233,044
Interest charges	8,939	15,954	31,816	8,252	64,961
Total cash disbursements	<u>429,717</u>	<u>490,845</u>	<u>71,324</u>	<u>765,696</u>	<u>1,757,582</u>
Total cash receipts over/(under) cash disbursements	<u>269,513</u>	<u>(177,132)</u>	<u>(43,711)</u>	<u>(648,147)</u>	<u>(599,477)</u>
Other financing receipts/(disbursements):					
Proceeds from sale of notes	-	50,463	-	700,000	750,463
Proceeds from loans	-	-	-	52,465	52,465
Operating transfers in	-	165,000	34,767	76,277	276,044
Operating transfers out	(191,767)	-	-	-	(191,767)
Advance out	(75,000)	-	-	-	(75,000)
Other uses	(1,944)	-	-	-	(1,944)
Total other financing receipts/(disbursements)	<u>(268,711)</u>	<u>215,463</u>	<u>34,767</u>	<u>828,742</u>	<u>810,261</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	802	38,331	(8,944)	180,595	210,784
Cash fund balances, January 1, 2003 (Restated)	<u>193,726</u>	<u>197,645</u>	<u>23,411</u>	<u>26,341</u>	<u>441,123</u>
Cash fund balances, December 31, 2003	<u>\$ 194,528</u>	<u>\$ 235,976</u>	<u>\$ 14,467</u>	<u>\$ 206,936</u>	<u>\$ 651,907</u>

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

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

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH FUND BALANCES
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 667,621
Total operating cash receipts	667,621
Operating cash disbursements:	
Personal services	144,521
Contractual services	243,228
Supplies and material	118,589
Capital outlay	19,711
Total operating cash disbursements	526,049
Operating income	141,572
Nonoperating cash receipts/(disbursements):	
Other nonoperating receipts	40
Debt service:	
Principal	(51,160)
Interest	(87,949)
Other nonoperating disbursements	(1,371)
Total nonoperating cash receipts/(disbursements)	(140,440)
Income/(loss) before operating transfers and advances	1,132
Transfers in	45,750
Transfers out	(130,027)
Advances in	75,000
Net income/(loss)	(8,145)
Cash fund balances, January 1, 2003	151,729
Cash fund balances, December 31, 2003	\$ 143,584

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

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

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2003

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2003 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2003 Appropriations	Total	Actual 2003 Disbursements	Encumbrances Outstanding at 12/31/03	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 207,231	\$ 626,330	\$ 833,561	\$ 699,230	\$ 72,900	\$ 4,010	\$ 775,144	\$ 779,154	\$ 698,428	\$ -	\$ 698,428	\$ 80,726
Special Revenue	200,522	481,240	681,762	529,176	47,936	-	670,364	670,364	490,845	-	490,845	179,519
Debt Service	15,046	208,833	223,879	62,380	(146,453)	-	223,879	223,879	71,324	-	71,324	152,555
Capital Projects	-	795,352	795,352	946,291	150,939	129,694	789,332	919,026	765,696	-	765,696	153,330
Proprietary:												
Enterprise	146,713	816,595	963,308	788,411	(28,184)	-	963,608	963,608	796,556	-	796,556	167,052
Total (Memorandum Only)	\$ 569,512	\$ 2,928,350	\$ 3,497,862	\$ 3,025,488	\$ 97,138	\$ 133,704	\$ 3,422,327	\$ 3,556,031	\$ 2,822,849	\$ -	\$ 2,822,849	\$ 733,182

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 1 - DESCRIPTION OF THE ENTITY

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. BASIS OF PRESENTATION - FUND ACCOUNTING

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

GOVERNMENTAL FUNDS

General Fund

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

Special Revenue Funds

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

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

The Village had the following significant Special Revenue Funds:

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

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

Debt Service Funds

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

Wedgewood Debt Fund Sewer Extension - This fund accumulates resources via special assessments and transfers in for the payment of debt.

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

Rix Mills/South Friendship Sewer Upgrade - This fund accumulates resources via special assessments and transfers in for the payment of debt.

Capital Projects Funds

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

Village Building Improvement Fund - This fund receives note proceeds for the construction of various building improvements of the Village.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

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

PROPRIETARY FUND TYPE

Enterprise Funds

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

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

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

B. BASIS OF ACCOUNTING

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

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

C. BUDGETARY PROCESS

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

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

Tax Budget:

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

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Village determined that receipts collected will be greater than or less than the prior estimate, and the Budget Commission finds the revised estimate to be reasonable. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. The Village had several amendments to the original estimated certificate during the year ended December 31, 2003.

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The Village adopted several appropriation modifications during the year ended December 31, 2003.

Encumbrances:

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

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

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Village had no outstanding encumbrances at December 31, 2003.

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Village considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Village totaled \$8,740 for the year ended December 31, 2003.

E. PROPERTY, PLANT AND EQUIPMENT

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

F. UNPAID VACATION AND SICK LEAVE

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

G. INTERFUND TRANSACTIONS

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

H. INTERGOVERNMENTAL REVENUES

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

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

I. TOTAL COLUMNS ON FINANCIAL STATEMENTS

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

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLE

The Village has changed the fund type used to record Heritage Fund receipts and disbursements from an Agency Fund to a Special Revenue Fund during 2003. The fund reclassification more accurately reflects the activity of the Heritage Fund. This change had the following effect on fund balance from 2002 to 2003.

	<u>Special Revenue Fund Type</u>	<u>Agency Fund Type</u>
Fund cash balances originally stated, December 31, 2002	\$ 189,454	\$ 8,191
Fund reclassification	<u>8,191</u>	<u>(8,191)</u>
Restated fund cash balances, January 1, 2002	<u>\$ 197,645</u>	<u>\$ -</u>

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2003</u>
Deposits:	
Demand Deposits	\$ 48,174
Investments:	
Repurchase Agreement	<u>747,317</u>
Total Cash and Investments	<u>\$795,491</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

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

NOTE 5 - PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the County. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State and are reflected in the accompanying financial statements as Intergovernmental Receipts. Real property taxes are payable annually or semiannually to the County. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 6 - DEBT OBLIGATIONS

At December 31, 2003, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at December 31, 2003</u>
2003 Various Purpose General Obligation Bond Anticipation Note, due in one annual payment of \$710,500 at a rate of 1.5%.	\$ 700,000
2002 Ohio Water Development Authority (OWDA) Wastewater Treatment Plant Improvements Loan.	227,089
2002 Sewer Treatment Plant Bonds, due in one annual payment of \$68,963 through 2004 at a rate of 4.45%.	66,000
1999 Main Street Lighting bonds, due in annual payments of \$27,045 through 2009 at a rate of 5.9%	133,408
1998 Ohio Water Development Authority (OWDA) Sewer loan, due in semiannual payments of \$13,369 through 2008 at a rate of 5.66%	113,677
1994 OWDA Sewer Improvement loan, due in semiannual payments of \$12,084 through 2015 at a rate of 4.56%.	214,440
1994 OWDA Water Improvement loan, due in semiannual payments of \$46,269 through 2021 at a rate of 5.85%.	996,715
1988 Special Assessment bonds - Wedgewood, due in semiannual payments of varying amounts through 2008 at a rate of 8.2%.	30,000
1985 Sewer USDA Mortgage Revenue Bonds, due in annual payments of varying amounts through 2025 at a rate of 5%.	<u>542,000</u>
Total debt obligations at December 31, 2003	<u>\$ 3,023,329</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 6 - DEBT OBLIGATIONS - (Continued)

Transactions for the year ended December 31, 2003, are summarized as follows:

<u>Description</u>	<u>Balance at 12/31/2002</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance at 12/31/2003</u>
2003 Various Purpose General Obligation				
Bond Anticipation Note	\$ -	\$ 700,000	\$ -	\$ 700,000
2002 OWDA Wastewater Treatment				
Plant Improvement	180,446	52,466	(5,823)	227,089
Wastewater Improvement Bonds	132,000	-	(66,000)	66,000
Building Construction Note	60,000	-	(60,000)	-
Main Street Lighting Bonds	151,514	-	(18,106)	133,408
OWDA Loan - Sewer 1998	132,893	-	(19,216)	113,677
OWDA Loan - Sewer 1994	228,352	-	(13,912)	214,440
OWDA Water Improvement 1994	1,029,052	-	(32,337)	996,715
Wedgewood Special Assessment Bonds	35,000	-	(5,000)	30,000
USDA Mortgage Revenue Bonds	<u>555,000</u>	<u>-</u>	<u>(13,000)</u>	<u>542,000</u>
Total debt obligations	<u>\$ 2,504,257</u>	<u>\$ 752,466</u>	<u>\$ (233,394)</u>	<u>\$ 3,023,329</u>

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2003, are as follows:

Year Ending December 31,	2003 Various Purpose General Obligation Bond Anticipation Note		2002 Sewer Improvement Bonds	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
	2004	<u>\$ 700,000</u>	<u>\$ 10,500</u>	<u>\$ 66,000</u>
Total	<u>\$ 700,000</u>	<u>\$ 10,500</u>	<u>\$ 66,000</u>	<u>\$ 2,963</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 6 - DEBT OBLIGATIONS - (Continued)

Year Ending December 31,	<u>Main Street Lighting Bonds</u>		<u>1998 OWDA Sewer Loan</u>		<u>1994 OWDA Sewer Improvement Loan</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2004	\$ 19,174	\$ 7,871	\$ 20,304	\$ 6,434	\$ 14,553	\$ 9,614
2005	20,305	6,740	21,452	5,286	15,225	8,943
2006	21,503	5,542	22,666	4,072	15,927	8,241
2007	22,772	4,273	23,950	2,788	16,661	7,506
2008	24,115	2,929	25,305	1,433	17,430	6,738
2009 - 2013	25,539	1,507	-	-	99,977	20,863
2014 - 2018	-	-	-	-	34,667	1,582
Total	<u>\$ 133,408</u>	<u>\$ 28,862</u>	<u>\$ 113,677</u>	<u>\$ 20,013</u>	<u>\$ 214,440</u>	<u>\$ 63,487</u>

Year Ending December 31,	<u>1994 OWDA Water Improvement Loan</u>		<u>Special Assessment Bond</u>		<u>1985 USDA Mortgage Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2004	\$ 34,229	\$ 58,309	\$ 5,000	\$ 2,460	\$ 14,000	\$ 27,100
2005	36,232	56,306	5,000	2,050	15,000	26,400
2006	38,351	54,187	5,000	1,640	15,000	26,650
2007	40,595	51,942	5,000	1,230	16,000	24,900
2008	42,969	49,567	10,000	820	17,000	24,100
2009 - 2013	255,625	207,060	-	-	100,000	106,750
2014 - 2018	339,675	123,015	-	-	127,000	79,200
2019 - 2023	209,039	22,302	-	-	162,000	44,150
2024 - 2025	-	-	-	-	76,000	5,750
Total	<u>\$ 996,715</u>	<u>\$ 622,688</u>	<u>\$ 30,000</u>	<u>\$ 8,200</u>	<u>\$ 542,000</u>	<u>\$ 365,000</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 6 - DEBT OBLIGATIONS - (Continued)

Year Ending December 31,	Total	
	<u>Principal</u>	<u>Interest</u>
2004	\$ 873,260	\$ 125,251
2005	113,214	105,725
2006	118,447	100,332
2007	124,978	92,639
2008	136,819	85,587
2009 - 2013	481,141	336,180
2014 - 2018	501,342	203,797
2019 - 2023	371,039	66,452
2024 - 2025	<u>76,000</u>	<u>5,750</u>
Total	<u>\$ 2,796,240</u>	<u>\$ 1,121,713</u>

The 2002 Ohio Water Development Agency Sewer Improvement Loan is not yet fully disbursed as of December 31, 2003. Upon final disbursement, OWDA will finalize financing terms and repayment requirements (thus, no future minimum principal and interest requirements are presented).

NOTE 7 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In 2003, the Village entered into a capitalized lease for a backhoe loader of \$50,463 with the accompanying amounts recognized as proceeds of lease and capital outlay within the Street Construction, Maintenance and Repair Special Revenue Fund. In prior years, the Village entered into capital leases for a 1998 fire truck, a street sweeper and a two ton truck. The accompanying principal and interest payments are recognized within the Special Revenue Fund of \$50,810 and \$15,954, respectively, for 2003.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 7 - CAPITALIZED LEASES - LESSEE DISCLOSURE - (Continued)

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2003:

<u>Year Ending December 31,</u>	<u>Backhoe</u>	<u>Two-ton Truck</u>	<u>Street Sweeper</u>	<u>Fire Truck</u>
2004	\$ 11,297	\$ 14,183	\$ 19,658	\$ 32,923
2005	11,297	14,183	19,658	32,923
2006	11,297	14,183	19,658	32,923
2007	11,297	-	19,658	32,923
2008	<u>11,297</u>	<u>-</u>	<u>-</u>	<u>32,923</u>
Total minimum lease payments	56,485	42,549	78,632	164,615
Less: amount representing interest	<u>(6,022)</u>	<u>(4,213)</u>	<u>(8,861)</u>	<u>(23,832)</u>
Present value minimum lease payments	<u>\$ 50,463</u>	<u>\$ 38,336</u>	<u>\$ 69,771</u>	<u>\$140,783</u>

The street sweeper and fire truck will be paid in full during 2007 and 2008, respectively.

Under the basis of accounting as described in Note 2, these amounts are not reflected as assets and liabilities within the accompanying financial statements.

NOTE 8 - LOCAL INCOME TAX

This locally levied tax of 1.0% applies to gross salaries, wages, and other personal service compensation earned by residents both in and out of the Village, as well as earnings of nonresidents (except certain transients) earned within the Village. It also applies to the net income of business organizations located within the Village. Income tax receipts are credited to the Village's General Fund and amounted to \$437,848.

NOTE 9 - RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 9 - RETIREMENT SYSTEMS - (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2003, members of OP&F contribute 10% of their wages to the OP&F. The Village contributes an amount equal to 19.5% of their wages. OPERS members contribute 8.5% of their gross salaries. The Village contributes an amount equal to 13.55% of participants' gross salaries. At December 31, 2003, the Village has paid all of its 2003 OPERS liability and has an outstanding liability of \$5,656 owed to OP&F.

NOTE 10 - RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

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

The Village also provides health and life insurance to full-time employees through a private carrier.

NOTE 11 - INTERFUND TRANSACATIONS

The Village had the following interfund transactions for the year ended December 31, 2003:

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
GENERAL FUND	\$ -	\$ 191,767
<u>SPECIAL REVENUE FUNDS:</u>		
Street Construction, Maintenance & Repair	130,000	-
Fire Equipment Reserve	35,000	-
Total Special Revenue Funds	165,000	-

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 11 - INTERFUND TRANSACATIONS - (Continued)

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>DEBT SERVICE FUNDS:</u>		
North Friendship Sewer Debt	\$ 8,000	\$ -
Wedgewood Debt Fund	600	-
Rix Mills/South Friendship Debt	<u>26,167</u>	<u>-</u>
Total Debt Service Funds	<u>34,767</u>	<u>-</u>
<u>CAPITAL PROJECTS FUNDS:</u>		
WWTP Clarifier Capital Improvement	<u>76,277</u>	<u>-</u>
Total Capital Projects Funds	<u>76,277</u>	<u>-</u>
<u>ENTERPRISE FUNDS:</u>		
Wastewater Treatment Plant Debt Fund	40,750	-
Wastewater Treatment Plant Reserve Fund	5,000	-
Sewer Fund	<u>-</u>	<u>130,027</u>
Total Enterprise Funds	<u>45,750</u>	<u>130,027</u>
Total	<u>\$ 321,794</u>	<u>\$ 321,794</u>

The Village had the following advances for the year ended December 31, 2003:

<u>Fund Type/Fund</u>	<u>Advance In</u>	<u>Advance Out</u>
GENERAL FUND	\$ -	\$ 75,000
<u>ENTERPRISE FUNDS:</u>		
Water Fund	15,000	-
Sewer Fund	<u>60,000</u>	<u>-</u>
Total Enterprise Funds	<u>75,000</u>	<u>-</u>
Total	<u>\$ 75,000</u>	<u>\$ 75,000</u>

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002**

NOTE 12 - CONTINGENT LIABILITY

LITIGATION

The Village is not currently involved in litigation.

TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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

Members of Council and Mayor
Village of New Concord
2 West Main Street
P.O. Box 10
New Concord, Ohio 4376

We have audited the financial statements of the Village of New Concord (the “Village”), Muskingum County, Ohio, as of and for the year ended December 31, 2003, and have issued our report thereon dated March 19, 2004, wherein we noted that during 2003 the Village reclassified its Heritage Agency Fund. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to the management of the Village in a separate letter dated March 19, 2004.

Members of Council and Mayor
Village of New Concord, Muskingum County

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Village in a separate letter dated March 19, 2004.

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

Trimble, Julian & Grube, Inc.
March 19, 2004



**Auditor of State
Betty Montgomery**

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VILLAGE OF NEW CONCORD

MUSKINGUM COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 20, 2004**