

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

Financial Statements
(Audited)

For The Year Ended
December 31, 2004

SUE WILSON, CLERK/TREASURER



**Auditor of State
Betty Montgomery**

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

We have reviewed the *Independent Accountant's Report* of the Village of New Concord, Muskingum County, prepared by Julian & Grube, Inc. for the audit period January 1, 2004 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

September 27, 2005

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

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JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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Independent Accountant’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, 2004. 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.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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, 2004, 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.

Members of Council and Mayor
Village of New Concord
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The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2005 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting and compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Julian & Grube, Inc.
August 25, 2005

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

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2004

<u>Cash, Cash Equivalents and Investments</u>	<u>2004</u>
Cash and Cash Equivalents	\$ 34,911
Investments	<u>670,506</u>
Total Cash and Cash Equivalents	<u><u>\$ 705,417</u></u>
 <u>Fund Balances</u>	
<u>Governmental Fund Types:</u>	
General Fund	\$ 243,812
Special Revenue Funds	206,142
Debt Service Funds	10,551
Capital Projects Funds	<u>111,265</u>
Total Governmental Fund Types	<u>571,770</u>
 <u>Proprietary Fund Type:</u>	
Enterprise Funds	<u>133,647</u>
Total Fund Balances	<u><u>\$ 705,417</u></u>

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

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

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash receipts:					
Local taxes	\$ 510,473	\$ 62,784	\$ -	\$ -	\$ 573,257
Intergovernmental	110,169	95,404	-	-	205,573
Special assessments	-	-	26,330	-	26,330
Charges for services	-	199,862	-	-	199,862
Fines, licenses, and permits	68,705	-	-	-	68,705
Interest	9,926	-	-	-	9,926
Miscellaneous	18,735	6,503	-	-	25,238
Total cash receipts	<u>718,008</u>	<u>364,553</u>	<u>26,330</u>	<u>-</u>	<u>1,108,891</u>
Cash disbursements:					
Current:					
Security of persons and property	194,456	132,170	-	-	326,626
Transportation	-	147,639	-	-	147,639
General government	270,422	1,117	831	-	272,370
Capital outlay	38,929	122,401	-	52,584	213,914
Debt service:					
Principal retirement	19,174	62,795	39,856	715,000	836,825
Interest charges	7,871	15,265	18,507	53,087	94,730
Total cash disbursements	<u>530,852</u>	<u>481,387</u>	<u>59,194</u>	<u>820,671</u>	<u>1,892,104</u>
Total cash receipts over/(under) cash disbursements	<u>187,156</u>	<u>(116,834)</u>	<u>(32,864)</u>	<u>(820,671)</u>	<u>(783,213)</u>
Other financing receipts/(disbursements):					
Proceeds from sale of bonds	-	-	-	725,000	725,000
Operating transfers in	-	87,000	28,948	-	115,948
Operating transfers out	(111,948)	-	-	-	(111,948)
Advance out	(25,000)	-	-	-	(25,000)
Other uses	(924)	-	-	-	(924)
Total other financing receipts/(disbursements)	<u>(137,872)</u>	<u>87,000</u>	<u>28,948</u>	<u>725,000</u>	<u>703,076</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	49,284	(29,834)	(3,916)	(95,671)	(80,137)
Cash fund balances, January 1, 2004	<u>194,528</u>	<u>235,976</u>	<u>14,467</u>	<u>206,936</u>	<u>651,907</u>
Cash fund balances, December 31, 2004	<u>\$ 243,812</u>	<u>\$ 206,142</u>	<u>\$ 10,551</u>	<u>\$ 111,265</u>	<u>\$ 571,770</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, 2004

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 705,085
Total operating cash receipts	705,085
Operating cash disbursements:	
Personal services	144,625
Contractual services	253,633
Supplies and material	117,958
Capital outlay	5,174
Total operating cash disbursements	521,390
Operating income	183,695
Nonoperating cash receipts/(disbursements):	
Other nonoperating receipts	253
Debt service:	
Principal	(125,875)
Interest	(88,085)
Other nonoperating disbursements	(925)
Total nonoperating cash receipts/(disbursements)	(214,632)
Income/(loss) before operating transfers and advances	(30,937)
Transfers in	45,750
Transfers out	(49,750)
Advance in	25,000
Net income/(loss)	(9,937)
Cash fund balances, January 1, 2004	143,584
Cash fund balances, December 31, 2004	\$ 133,647

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, 2004

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2004 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2004 Appropriations	Total	Actual 2004 Disbursements	Encumbrances Outstanding at 12/31/04	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 194,528	\$ 680,000	\$ 874,528	\$ 718,008	\$ 38,008	\$ -	\$ 874,527	\$ 874,527	\$ 668,724	\$ -	\$ 668,724	\$ 205,803
Special Revenue	235,976	474,520	710,496	451,553	(22,967)	-	702,613	702,613	481,387	-	481,387	221,226
Debt Service	14,467	44,900	59,367	55,278	10,378	-	59,366	59,366	59,194	-	59,194	172
Capital Projects	206,936	725,000	931,936	725,000	-	-	931,936	931,936	820,671	-	820,671	111,265
Proprietary:												
Enterprise	143,584	739,500	883,084	776,088	36,588	-	863,899	863,899	786,025	-	786,025	77,874
Total (Memorandum Only)	\$ 795,491	\$ 2,663,920	\$ 3,459,411	\$ 2,725,927	\$ 62,007	\$ -	\$ 3,432,341	\$ 3,432,341	\$ 2,816,001	\$ -	\$ 2,816,001	\$ 616,340

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, 2004

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, 2004

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 Project Fund:

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, 2004

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, 2004

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, 2004.

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, 2004.

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, 2004

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, 2004.

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 \$9,926 for the year ended December 31, 2004.

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, 2004

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 - 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>2004</u>
Deposits:	
Demand Deposits	\$ 34,911
Investments:	
Repurchase Agreement	<u>670,506</u>
 Total Cash and Investments	 <u>\$ 705,417</u>

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

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

NOTE 4 - 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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 4 - PROPERTY TAX - (Continued)

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.

NOTE 5 - DEBT OBLIGATIONS

At December 31, 2004, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at December 31, 2004</u>
2004 Various Purpose General Obligation Bond, due in one annual payment of \$710,500 at a rate of 1.5%.	\$ 710,000
2002 Ohio Water Development Authority (OWDA) Wastewater Treatment Plant Improvements Loan due in semi-annual payments of \$5,823 at 0% interest through 2023.	215,443
1999 Main Street Lighting bonds, due in annual payments of \$27,045 through 2009 at a rate of 5.9%	114,234
1998 Ohio Water Development Authority (OWDA) Sewer loan, due in semiannual payments of \$13,369 through 2008 at a rate of 5.66%	93,374
1994 OWDA Sewer Improvement loan, due in semiannual payments of \$12,084 through 2014 at a rate of 4.56%.	199,887
1994 OWDA Water Improvement loan, due in semiannual payments of \$46,269 through 2021 at a rate of 5.85%.	962,486
1988 Special Assessment bonds - Wedgewood, due in semiannual payments of varying amounts through 2008 at a rate of 8.2%.	25,000
1985 Sewer USDA Mortgage Revenue Bonds, due in annual payments of varying amounts through 2024 at a rate of 5%.	<u>528,000</u>
Total debt obligations at December 31, 2004	<u><u>\$ 2,848,424</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 5 - DEBT OBLIGATIONS - (Continued)

Transactions for the year ended December 31, 2004, are summarized as follows:

<u>Description</u>	<u>Balance</u> <u>12/31/2003</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance at</u> <u>12/31/2004</u>
2004 Various Purpose General Obligation Bonds	\$ -	\$ 725,000	\$ (15,000)	\$ 710,000
2003 Various Purpose General Obligation Bond Anticipation Note	700,000	-	(700,000)	-
2002 OWDA Wastewater Treatment Plant Improvement	227,089	-	(11,646)	215,443
Wastewater Improvement Bonds	66,000	-	(66,000)	-
Main Street Lighting Bonds	133,408	-	(19,174)	114,234
OWDA Loan - Sewer 1998	113,677	-	(20,303)	93,374
OWDA Loan - Sewer 1994	214,440	-	(14,553)	199,887
OWDA Water Improvement 1994	996,715	-	(34,229)	962,486
Wedgewood Special Assessment Bonds	30,000	-	(5,000)	25,000
USDA Mortgage Revenue Bonds	<u>542,000</u>	<u>-</u>	<u>(14,000)</u>	<u>528,000</u>
Total debt obligations	<u>\$ 3,023,329</u>	<u>\$ 725,000</u>	<u>\$ (899,905)</u>	<u>\$ 2,848,424</u>

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2004, are as follows:

Year Ending December 31,	2004 Various Purpose General Obligation Bonds		2002 OWDA Wastewater Treatment Plant
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2005	\$ 35,000	\$ 33,476	\$ 11,646
2006	40,000	31,900	11,646
2007	40,000	30,100	11,646
2008	45,000	28,300	11,646
2009	45,000	26,276	11,646
2010 - 2014	255,000	99,426	58,230
2015 - 2019	250,000	31,750	58,230
2020 - 2023	<u>-</u>	<u>-</u>	<u>40,753</u>
Total	<u>\$ 710,000</u>	<u>\$ 281,228</u>	<u>\$ 215,443</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 5 - 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>
2005	\$ 20,305	\$ 6,740	\$ 21,453	\$ 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	25,539	1,507	-	-	18,234	5,934
2010 - 2014	-	-	-	-	<u>116,410</u>	<u>16,511</u>
Total	<u>\$ 114,234</u>	<u>\$ 20,991</u>	<u>\$ 93,374</u>	<u>\$ 13,579</u>	<u>\$ 199,887</u>	<u>\$ 53,873</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>
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	45,483	47,054	-	-	18,000	23,250
2010 - 2014	270,582	192,104	-	-	105,000	106,750
2015 - 2019	359,539	103,144	-	-	133,000	72,850
2020 - 2024	128,735	10,073	-	-	170,000	36,050
2025	-	-	-	-	<u>39,000</u>	<u>1,950</u>
Total	<u>\$ 962,486</u>	<u>\$ 564,377</u>	<u>\$ 25,000</u>	<u>\$ 5,740</u>	<u>\$ 528,000</u>	<u>\$ 342,900</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 5 - DEBT OBLIGATIONS - (Continued)

Year Ending December 31,	Total	
	<u>Principal</u>	<u>Interest</u>
2005	\$ 159,861	\$ 139,201
2006	170,093	132,232
2007	176,624	122,739
2008	193,465	113,887
2009	163,902	104,021
2010 - 2014	805,222	414,791
2015 - 2019	800,769	207,744
2020 - 2024	339,488	46,123
2025	<u>39,000</u>	<u>1,950</u>
Total	<u>\$ 2,848,424</u>	<u>\$ 1,282,688</u>

NOTE 6 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In prior years, the Village entered into a capitalized lease for a backhoe loader, 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 \$62,795 and \$15,265, respectively, for 2004.

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.

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, 2004:

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 6 - CAPITALIZED LEASES - LESSEE DISCLOSURE - (Continued)

Year Ending <u>December 31,</u>	<u>Backhoe</u>	<u>Two-ton Truck</u>	<u>Street Sweeper</u>	<u>Fire Truck</u>
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	45,188	28,366	58,974	131,692
Less: amount representing interest	<u>(4,065)</u>	<u>(2,143)</u>	<u>(5,299)</u>	<u>(16,159)</u>
Present value minimum lease payments	<u>\$ 41,123</u>	<u>\$ 26,223</u>	<u>\$ 53,675</u>	<u>\$ 115,533</u>

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 7 - 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 \$434,935.

NOTE 8 - 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). 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.

Contribution rates are also prescribed by the Ohio Revised Code. For 2004, 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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 8 - RETIREMENT SYSTEMS - (Continued)

The Village contributes an amount equal to 13.55% of participants' gross salaries. At December 31, 2004, the Village has paid all required contributions.

NOTE 9 - 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 10 - INTERFUND TRANSACATIONS

The Village had the following interfund transactions for the year ended December 31, 2004:

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
GENERAL FUND	\$ -	\$ 111,948
<u>SPECIAL REVENUE FUNDS:</u>		
Street Construction, Maintenance & Repair	50,000	-
Fire Equipment Reserve	37,000	-
Total Special Revenue Funds	<u>87,000</u>	<u>-</u>

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

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

NOTE 10 - 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	\$ 4,000	\$ -
Wedgewood Debt Fund	600	-
Rix Mills/South Friendship Debt	<u>24,348</u>	<u>-</u>
Total Debt Service Funds	<u>28,948</u>	<u>-</u>
<u>ENTERPRISE FUNDS:</u>		
Sewer Fund	-	49,750
Wastewater Treatment Plant Debt Fund	40,750	-
Wastewater Treatment Plant Reserve Fund	<u>5,000</u>	<u>-</u>
Total Enterprise Funds	<u>45,750</u>	<u>49,750</u>
Total	<u>\$ 161,698</u>	<u>\$ 161,698</u>

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

The Village had the following advances for the year ended December 31, 2004:

<u>Fund Type/Fund</u>	<u>Advance In</u>	<u>Advance Out</u>
GENERAL FUND	\$ -	\$ 25,000
<u>ENTERPRISE FUND:</u>		
Water Fund	<u>25,000</u>	<u>-</u>
Total Enterprise Funds	<u>25,000</u>	<u>-</u>
Total	<u>\$ 25,000</u>	<u>\$ 25,000</u>

NOTE 11 - CONTINGENT LIABILITY

LITIGATION

The Village is not currently involved in litigation.

JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

333 County Line Rd. West
Westerville, Ohio 43082

Telephone 614.846.1899
Facsimile 614.846.2799

Independent Accountant’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *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 Village of New Concord, Muskingum County (the “Village”) as of and for the year ended December 31, 2004, and have issued our report thereon dated August 25, 2005, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States’ *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village’s internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when 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 certain matters involving the internal control over financial reporting that we have reported to the management of the Village in a separate letter dated August 25, 2005.

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

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the 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 an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We intend this report solely for the information and use of management and the Village Council. It is not intended for anyone other than these specified parties.



Julian & Grube, Inc.
August 25, 2005



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
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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
OCTOBER 11, 2005**