



Dave Yost • Auditor of State



VILLAGE OF NEW CONCORD  
MUSKINGUM COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of New Concord  
Muskingum County  
2 West Main Street  
P.O. Box 10  
New Concord, OH 43762

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Village of New Concord, Muskingum County, Ohio (the Village), as of and for the year ended December 31, 2013.

### ***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 § 117.38 and Ohio Administrative Code § 117-2-03(D) 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 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting

principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***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 the Village as of December 31, 2013, or changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of New Concord, Muskingum County, Ohio as of December 31, 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2014, 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. 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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

November 14, 2014

**VILLAGE OF NEW CONCORD  
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$694,122	\$97,416			\$791,538
Intergovernmental	63,730	93,429			157,159
Special Assessments			\$16,810		16,810
Charges for Services	110	353,340			353,450
Fines, Licenses and Permits	25,899				25,899
Earnings on Investments	999				999
Miscellaneous	37,205	36,736			73,941
<i>Total Cash Receipts</i>	<u>822,065</u>	<u>580,921</u>	<u>16,810</u>	<u>\$0</u>	<u>1,419,796</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	210,983	325,986			536,969
Leisure Time Activities		22,027			22,027
Transportation		212,395			212,395
General Government	276,603	1,933	800		279,336
Capital Outlay	50,739	144,896		165,389	361,024
Debt Service:					
Principal Retirement	65,326	70,166	211,837		347,329
Interest and Fiscal Charges	20,110	19,043	6,115		45,268
<i>Total Cash Disbursements</i>	<u>623,761</u>	<u>796,446</u>	<u>218,752</u>	<u>165,389</u>	<u>1,804,348</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>198,304</u>	<u>(215,525)</u>	<u>(201,942)</u>	<u>(165,389)</u>	<u>(384,552)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Notes			170,000		170,000
Other Debt Proceeds	28,500			161,250	189,750
Transfers In	11,159	168,069	33,784		213,012
Transfers Out	(167,080)	(12,148)		(23,784)	(203,012)
Advances In	20,000				20,000
Other Financing Uses	(2,061)				(2,061)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(109,482)</u>	<u>155,921</u>	<u>203,784</u>	<u>137,466</u>	<u>387,689</u>
<i>Net Change in Fund Cash Balances</i>	88,822	(59,604)	1,842	(27,923)	3,137
<i>Fund Cash Balances, January 1</i>	<u>127,347</u>	<u>406,984</u>	<u>10,392</u>	<u>84,493</u>	<u>629,216</u>
<b>Fund Cash Balances, December 31</b>					
Restricted		347,380	12,234	56,570	416,184
Unassigned (Deficit)	216,169				216,169
<i>Fund Cash Balances, December 31</i>	<u>\$216,169</u>	<u>\$347,380</u>	<u>\$12,234</u>	<u>\$56,570</u>	<u>\$632,353</u>

*The notes to the financial statements are an integral part of this statement.*

**VILLAGE OF NEW CONCORD  
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$971,630		\$971,630
<i>Total Operating Cash Receipts</i>	971,630	\$0	971,630
<b>Operating Cash Disbursements</b>			
Personal Services	432,163		432,163
Contractual Services	157,520		157,520
Supplies and Materials	129,037		129,037
Capital Outlay	39,150		39,150
<i>Total Operating Cash Disbursements</i>	757,870	0	757,870
<i>Operating Income (Loss)</i>	213,760	0	213,760
<b>Non-Operating Receipts (Disbursements)</b>			
Miscellaneous Receipts	4,024		4,024
Principal Retirement	(139,940)		(139,940)
Interest and Other Fiscal Charges	(71,735)		(71,735)
Other Financing Sources	226	8,880	9,106
Other Financing Uses	(4,850)	(8,880)	(13,730)
<i>Total Non-Operating Receipts (Disbursements)</i>	(212,275)	0	(212,275)
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	1,485	0	1,485
Transfers In	27,338		27,338
Transfers Out	(37,338)		(37,338)
Advances Out	(20,000)		(20,000)
<i>Net Change in Fund Cash Balances</i>	(28,515)	0	(28,515)
<i>Fund Cash Balances, January 1</i>	279,039		279,039
<i>Fund Cash Balances, December 31</i>	\$250,524	\$0	\$250,524

The notes to the financial statements are an integral part of this statement.



**VILLAGE OF NEW CONCORD  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**1. Summary of Significant Accounting Policies**

**A. 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, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, police protection, fire protection, 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.

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

**C. Deposits and Investments**

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

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

Fire 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.

**VILLAGE OF NEW CONCORD  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**3. 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:

North Friendship Debt Fund - This fund receives transfers from the general fund, grants, and charges for services monies to pay debt related to fire and emergency medical services for the Village.

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 debt to make the improvements.

**4. Capital Project 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:

Elevated Tank Paint Repair Fund – This fund was established to make improvements to the Village storage water tank.

**5. Enterprise Funds**

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

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sanitary Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

**VILLAGE OF NEW CONCORD  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**6. Fiduciary Funds (Agency Funds)**

Agency 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's agency fund accounts for activity of the Mayor's Court. 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 law.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

**2. 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.

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2013 budgetary activity appears in Note 3.

**F. 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:

**1. Nonspendable**

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

VILLAGE OF NEW CONCORD  
MUSKINGUM COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

2. 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.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the 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.

4. 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 the 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 resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

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

**VILLAGE OF NEW CONCORD  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**2. Equity in Pooled Deposits and Investments**

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31, 2013, was as follows:

	2013
Demand deposits	\$478
Total deposits	478
Repurchase agreement	882,399
Total investments	882,399
Total deposits and investments	\$882,877

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**Investments:** The Village's financial institution transfers 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.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2013 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$912,201	\$881,724	(\$30,477)
Special Revenue	729,189	748,990	19,801
Debt Service	221,236	220,594	(642)
Capital Projects	175,000	161,250	(13,750)
Enterprise	1,046,338	1,003,218	(43,120)
Total	\$3,083,964	\$3,015,776	(\$68,188)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$954,000	\$792,902	\$161,098
Special Revenue	1,036,148	808,594	227,554
Debt Service	219,800	218,752	1,048
Capital Projects	259,493	189,173	70,320
Enterprise	1,249,338	1,031,733	217,605
Total	\$3,718,779	\$3,041,154	\$677,625

**VILLAGE OF NEW CONCORD  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**4. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax 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 pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

**5. Local Income Tax**

The Village levies a municipal income tax of one 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.

**6. Debt**

**A. Short-Term Obligations**

Transactions for the year ended December 31, 2013 are summarized as follows:

	<u>Balance 12/31/12</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance 12/31/13</u>
2012 TIF Bond Anticipation Note	\$190,000		\$190,000	\$0
2013 TIF Bond Anticipation Note		<u>\$170,000</u>		<u>\$170,000</u>
Total	<u>\$190,000</u>	<u>\$170,000</u>	<u>\$190,000</u>	<u>\$170,000</u>

**B. Long-Term Obligations**

At December 31, 2013, long-term debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at December 31, 2013</u>
2004 Various Purpose General Obligation Bonds, due in annual Payments of varying amounts through 2018 at a rate of 4.8%	\$305,000

**VILLAGE OF NEW CONCORD  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**6. Debt (Continued)**

**B. Long-Term Obligations (Continued)**

<u>Description</u>	<u>Balance at December 31, 2013</u>
1994 OWDA N. Friendship Sewer loan through 2015 at 4.56%	\$34,669
2011 Sewer Plant Bond, due in semi-annual payments of \$19,405 through 2025 at a rate of 4.125%	\$363,179
2011 United States Department of Agriculture Bond due in annual payments of varying amounts through 2051 at a rate of 2.25%	\$557,720
2009 Ohio Public Works Commission (OPWC) West End Sewer Loan, due in semi-annual payments of \$4,258 at 0% interest through 2040.	\$225,691
2009 OWDA Wastewater Treatment Plant Phase II Improvement Loan, due in semi-annual installments of varying amounts, bearing interest of 1%.	\$4,469
2008 Sludge Press Note, due in annual payments of \$16,456 through 2018 at a rate of 5.25%.	\$62,624
2006 OWDA Sanitary Sewer Replacement Loan, due in semi-annual payments of \$4,294 through 2027 at a rate of 1%.	\$108,180
2002 OWDA Wastewater Treatment Plant Improvements Loan due in semi-annual payments of \$5,823 at 0% interest through 2023.	\$110,632
1994 OWDA Water Improvement Loan, due in semi-annual payments of \$46,269 through 2021 at a rate of 5.85%.	\$548,715
2012 OWDA N. Friendship Water Line Improvement due in semi-annual payments of \$6,061 at 3.45% interest through 2022.	\$64,984
2012 OPWC Water Tank Improvements Loan, due in semi-annual payments at 0% interest through 2023.	<u>\$162,650</u>
Total debt obligations:	<u>\$2,548,513</u>

Transactions for the year ended December 31, 2013 are summarized as follows:

<u>Description</u>	<u>Balance 12/31/12</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance 12/31/13</u>
2004 Various Purpose General Obligation Bonds	\$360,000		\$55,000	\$305,000
1994 OWDA-N. Friendship Sewer	\$56,506		\$21,837	\$34,669
2009 OPWC Loan W. End Sewer	\$234,208		\$8,517	\$225,691
2002 OWDA Wastewater Plant Improvements	\$122,278		\$11,646	\$110,632

**VILLAGE OF NEW CONCORD  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**6. Debt (Continued)**

**B. Long-Term Obligations (Continued)**

<u>Description</u> (Continued)	<u>Balance</u> <u>12/31/12</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/13</u>
2008 Sludge Press	\$75,073		\$12,449	\$62,624
2006 OWDA Loan-Sanitary Sewer	\$115,629		\$7,449	\$108,180
2009 OWDA Loan-Wastewater Treat. Plant	\$8,893		\$4,424	\$4,469
1994 OWDA Loan-Water Improvement	\$605,812		\$57,097	\$548,715
2011 Sewer USDA Mortgage Revenue Bonds	\$567,120		\$9,400	\$557,720
2011 Sewer Plant Bond	\$386,076		\$22,897	\$363,179
2012 OPWC Water Tank Improvement	\$1,400	\$161,250	\$0	\$162,650
2012 OWDA N. Friendship Water Line	\$71,045	_____	\$6,061	\$64,984
<b>Total</b>	<b><u>\$2,604,040</u></b>	<b><u>\$161,250</u></b>	<b><u>\$216,777</u></b>	<b><u>\$2,548,513</u></b>

Capital lease payments are included in principal and interest on the financial statements. Principal payments in 2013 were \$80,492 in the governmental fund type. See Note 7 for additional information regarding the Village's capital leases.

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2013 are as follows:

<u>Year Ending</u>	<u>2004 Various Purpose General Obligation Bonds</u>		<u>1994 OWDA N. Friendship Loan</u>		<u>2011 Sewer Plant Bonds</u>	
<u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$55,000	\$15,250	\$22,844	\$1,324	\$23,864	\$14,946
2015	\$60,000	\$12,500	\$11,825	\$259	\$24,873	\$13,937
2016	\$60,000	\$9,500			\$25,889	\$12,921
2017	\$65,000	\$6,500			\$27,018	\$11,792
2018	\$65,000	\$3,250			\$28,160	\$10,650
2019-2023					\$159,662	\$34,350
2024-2028					\$73,713	\$3,907
<b>Total</b>	<b><u>\$305,000</u></b>	<b><u>\$47,000</u></b>	<b><u>\$34,669</u></b>	<b><u>\$1,583</u></b>	<b><u>\$363,179</u></b>	<b><u>\$102,503</u></b>



**VILLAGE OF NEW CONCORD  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**6. Debt (Continued)**

**B. Long-Term Obligations (Continued)**

<u>Year Ending December 31</u>	<u>2009 OPWC W. End Sewer</u>		<u>2008 Sludge Press Note</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$8,517		\$13,122	\$3,333
2015	\$8,517		\$13,821	\$4,171
2016	\$8,517		\$14,557	\$1,899
2017	\$8,517		\$15,329	\$2,086
2018	\$8,516		\$ 5,795	\$ 308
2019-2023	\$42,583			
2024-2028	\$42,583			
2029-2033	\$42,583			
2034-2038	\$42,583			
2039-2043	<u>\$12,775</u>			
Total	<u>\$225,691</u>	<u>\$0</u>	<u>\$62,624</u>	<u>\$11,797</u>

<u>Year Ending December 31</u>	<u>2006 OWDA Sanitary Sewer Replacement</u>		<u>2002 OWDA Wastewater Treatment Plant</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$7,523	\$1,063	\$11,646	
2015	\$7,599	\$988	\$11,646	
2016	\$7,675	\$911	\$11,645	
2017	\$7,752	\$835	\$11,645	
2018	\$7,830	\$757	\$11,645	
2019-2023	\$40,341	\$2,591	\$52,405	
2024-2028	<u>\$29,460</u>	<u>\$592</u>		
Total	<u>\$108,180</u>	<u>\$7,737</u>	<u>\$110,632</u>	<u>\$0</u>

<u>Year Ending December 31</u>	<u>2012 OWDA Waterline Replacement Loan</u>		<u>2002 OWDA Waterline Improvement Design</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$6,273	\$2,188	\$4,469	\$34
2015	\$6,491	\$1,970		
2016	\$6,717	\$1,744		
2017	\$6,950	\$1,510		
2018	\$7,192	\$1,269		
2019-2023	<u>\$31,361</u>	<u>\$2,483</u>		-
Total	<u>\$64,984</u>	<u>\$11,164</u>	<u>\$4,469</u>	<u>\$34</u>

**VILLAGE OF NEW CONCORD  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**6. Debt (Continued)**

**B. Long-Term Obligations (Continued)**

Year Ending 12/31/13	1994 OWDA Water Improvement Loan		2012 OPWC Water Tank Improvement	2011 USDA Bond	
	Principal	Interest	Principal	Principal	Interest
2014	\$60,438	\$32,100	\$10,843	\$9,500	\$12,726
2015	\$63,973	\$28,564	\$10,843	\$9,800	\$12,512
2016	\$67,716	\$24,822	\$10,844	\$10,000	\$12,292
2017	\$71,677	\$20,860	\$10,843	\$10,300	\$12,067
2018	\$75,870	\$16,667	\$10,843	\$10,400	\$11,835
2019-2023	\$209,041	\$22,302	\$54,217	\$56,000	\$55,539
2024-2028			\$54,217	\$62,600	\$48,951
2029-2033				\$69,900	\$41,589
2034-2038				\$78,100	\$33,363
2039-2043				\$87,400	\$24,167
2044-2048				\$97,600	\$13,889
2049-2053				\$56,120	\$2,900
<b>Total</b>	<b>\$548,715</b>	<b>\$145,315</b>	<b>\$162,650</b>	<b>\$557,720</b>	<b>\$281,830</b>

Year Ending 12/31/13	Total	
	Principal	Interest
2014	\$234,039	\$82,964
2015	\$229,388	\$74,901
2016	\$223,560	\$64,089
2017	\$235,031	\$55,650
2018	\$231,251	\$44,736
2019-2023	\$645,610	\$117,265
2024-2028	\$262,573	\$53,450
2029-2033	\$112,483	\$41,589
2034-2038	\$120,683	\$33,363
2039-2043	\$100,175	\$24,167
2044-2048	\$ 97,600	\$13,889
2049-2053	\$ 56,120	\$ 2,900
<b>Total</b>	<b>\$2,548,513</b>	<b>\$608,963</b>

**7. Capitalized Leases**

In a prior year, the Village entered into a capitalized lease for a fire truck and pumper apparatus, a dump truck, an emergency squad vehicle, and a police cruiser. During 2013, the Village entered a capital leases a police cruiser. The accompanying principal and interest payments are recognized within the General Fund principal and interest line items in the amounts of \$10,326 and \$2,385 and within the Special Revenue Funds principal and interest line items in the amount of \$70,166 and \$19,043, respectively, for 2013.

**VILLAGE OF NEW CONCORD  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)**

**7. Capitalized Leases (Continued)**

Future lease payments are as follows:

<u>Year Ended December 31, 2013</u>	<u>Lease Payments</u>
2014	\$88,247
2015	\$90,827
2016	\$93,494
2017	\$90,772
2018	<u>\$93,475</u>
Total minimum lease payments	\$456,815
Less: amount representing interest	\$56,940
Present value of minimum lease payments	\$399,875

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

**8. Retirement Systems**

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013, OP&F participants contributed 10% of their wages from January 1, 2013 through June 30, 2013 and 10.75% of their wages from July 1, 2013 through July 31, 2013. For 2013, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2013, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2013.

**9. Risk Management**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

**10. Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. 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.

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S 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  
P.O. Box 10  
New Concord, OH 43762

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of New Concord, Muskingum County, Ohio (the Village), as of and for the year ended December 31, 2013, and the related notes to the financial statements and have issued our report thereon dated November 14, 2014, wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. 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 findings 2013-002 and 2013-003 described in the accompanying schedule of findings to be material weaknesses.

### ***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, opining 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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2013-001.

***Entity's Response to Findings***

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

November 14, 2014

**VILLAGE OF NEW CONCORD  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2013-001**

**Noncompliance**

Ohio Rev. Code § 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. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

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 expenditures of money. The main exceptions are: "then and now" certificate, blanket certificates, and super blanket certificates, which are provided for in §§ 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – 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 thirty days from receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of 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 requirements for approval of expenditures by the Village.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not exceeding an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line items account and cannot extend beyond the end of the fiscal year. The blanket certificate may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Blanket certificates cannot be used unless there has been an amount approved by the legislative authority for the blanket.
3. Super Blanket Certificate – 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 reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for eight percent of vouchers tested in 2013, and there was no evidence that the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash balances.

VILLAGE OF NEW CONCORD  
MUSKINGUM COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2013  
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2013-001 (Continued)

**Noncompliance (Continued)**

Additionally, we noted the Village closed all purchase orders at fiscal year-end. As a result, we noted fifty percent of vouchers tested for January 2014 represented unrecorded encumbrances at December 31, 2014.

Unless the exceptions noted above are used, prior certification is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, "then and now" certification should be used.

We recommend the Village certify purchases to which § 5705.41(D) applies. 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.

**Officials' Response:** Proper certificates will be issued for all purchases. The Village will carryover all encumbrances at year end instead of canceling and reissuing new purchase orders. The Village plans to convert to UAN or another budgetary software within one year.

FINDING NUMBER 2013-002

**Material Weakness**

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 remaining uncommitted appropriation balances.

The Village Fiscal Officer did not post budgeted receipts, or any amendments made to them, to the accounting system. Variances existed between the certificate of estimated resources and the amounts posted to the accounting system. The following table details these variances as of December 31, 2013:



**VILLAGE OF NEW CONCORD  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013  
(Continued)**

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

**FINDING NUMBER 2013-002 (Continued)**

**Material Weakness (Continued)**

<u>Fund</u>	<u>Amount per Last Amended Certificate</u>	<u>Amount Posted to the Accounting System</u>	<u>Variance</u>
General Fund	\$ 912,201	\$ -	\$ (912,201)
Street Maintenance Fund	170,000	-	(170,000)
MVL Fund	5,800	-	(5,800)
MVL Permissive Tax Fund	6,500	-	(6,500)
Recreation Fund	21,000	-	(21,000)
Celebrate New Concord Fund	6,000	-	(6,000)
Road and Bridge Fund	108,719	-	(108,719)
Heritage Fund	11	-	(11)
Fire & EMS Fund	400,000	-	(400,000)
FEMA Storm Fund	11,159	-	(11,159)
Incentive District TIF Fund	193,800	-	(193,800)
North Friendship Fund	27,436	-	(27,436)
Water Tank Paint & Repair Fund	175,000	-	(175,000)
Water Revenue Fund	500,000	-	(500,000)
Sewer Revenue Fund	475,000	-	(475,000)
Sewer Plant Debt Fund	22,338	-	(22,338)
Sewer Plant Reserve Fund	10,000	-	(10,000)
Swimming Pool Fund	35,000	-	(35,000)
Utility Deposits Fund	4,000	-	(4,000)

The Village Fiscal Officer did not always accurately post appropriations, or any amendments made to them, to the accounting system. Variances existed between the appropriation resolution/amendments and the amounts posted to the accounting system. The following table details these variances as of December 31, 2013:

<u>Fund</u>	<u>Amount per Annual Appropriation Resolution</u>	<u>Amount Posted to the Accounting System</u>	<u>Variance</u>
General Fund	\$ 954,000	\$ 949,896	\$ (4,104)
Recreation Fund	59,500	34,000	(25,500)
Fire & EMS Fund	618,000	591,226	(26,774)
Incentive District TIF Fund	193,800	193,784	(16)
North Friendship Fund	26,000	25,068	(932)
Water Revenue Fund	550,000	544,198	(5,802)
Sewer Revenue Fund	580,000	551,038	(28,962)
Sewer Plant Reserve Fund	32,000	30,000	(2,000)
Swimming Pool Fund	43,000	40,150	(2,850)
Utility Deposits Fund	22,000	10,000	(12,000)

**VILLAGE OF NEW CONCORD  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2013-002 (Continued)**

**Material Weakness (Continued)**

Because the information entered into the accounting system was not always accurate, adjustments were made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present appropriations approved by the Village Council and to include budgeted receipts as certified by the County Auditor.

Furthermore, the Fiscal Officer presented financial reports to the Village Council for review and approval. However, the Fiscal Officer did not present any current year budget versus actual information along with these financial reports. Without monitoring actual receipts and expenditures in relation to approved budget figures, the Council's ability to make informed financial decisions is reduced.

We recommend the Village Council approve all appropriation amendments, record approval in the minutes, and file all appropriation amendments with the County Auditor in order to receive confirmation from the County Auditor that appropriations do not exceed estimated resources. The Village Fiscal Officer should post these amendments only after obtaining required approvals. We also recommend the Village Fiscal Officer record estimated receipts from the Certificate of Estimated Resources and any amendments thereto to the accounting system. We further recommend that budget versus actual reports be presented to the Village Council for approval as part of the monthly financial reports.

**Officials' Response:** The Village plans to update budgetary software to UAN or an equivalent to assure proper internal controls and to properly integrate all accounts into the budgetary system. Village Council approves all appropriation amendments and the County Auditor approves all amendments to Certificates of Estimated Resources. The County Auditor also certifies that appropriations do not exceed certified amounts. Village Council is currently provided with the monthly fund report at each meeting and a quarterly comparison report which includes details of all revenue and expenditures year to date, the current budget and the previous year. In the future, Council will also be provided copies of the budgetary report at each meeting.

**FINDING NUMBER 2013-003**

**Material Weakness**

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, introduces five fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned. The requirements of this Statement were effective for financial statements for periods beginning after June 15, 2010.

During 2013, the Village failed to implement GASB Statement No. 54 requirements. This resulted in reclassifications being made to the Village's fund balances on the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis). Unreserved, Undesignated Fund Balances and Reserved for Encumbrances were reclassified to Unassigned and Restricted Fund Balances. Additional disclosures were also necessary in the Village's notes to the basic financial statements.

VILLAGE OF NEW CONCORD  
MUSKINGUM COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2013  
(Continued)

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>
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FINDING NUMBER 2013-003 (Continued)

**Material Weakness (Continued)**

We recommend the Village follow the requirements of GASB Statement No. 54 when preparing its financial statements each year. In addition, we recommend the Village remain alert to all new accounting pronouncements and implement these requirements when required.

**Officials' Response:** The Village will assure that fund balances are properly posted in future financial statements.

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# Dave Yost • Auditor of State

**VILLAGE OF NEW CONCORD**

**MUSKINGUM COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 2, 2014**