

VILLAGE OF NEW ATHENS
AUDIT REPORT
JANUARY 1, 2015 - DECEMBER 31, 2016

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



Dave Yost • Auditor of State

Village Council
Village of New Athens
P. O. Box 126
New Athens, Ohio 43981

We have reviewed the *Independent Auditors' Report* of the Village of New Athens, Harrison County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2015 through December 31, 2016. 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 Athens is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

May 11, 2017

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**VILLAGE OF NEW ATHENS
HARRISON COUNTY
JANUARY 1, 2015 - DECEMBER 31, 2016**

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

INDEPENDENT AUDITORS' REPORT

Village of New Athens
Harrison County
P.O. Box 126
New Athens, Ohio 43981

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of the Village of New Athens, Harrison County, as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility For the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 opinions.

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 Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory basis of accounting and GAAP are not reasonably determinable, are presumed to be material.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of New Athens as of December 31, 2016 and 2015, 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 Athens, Harrison County as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 a report dated March 2, 2017, on our consideration of the Village of New Athens's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
March 2, 2017

**VILLAGE OF NEW ATHENS
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts				
Property Tax and Other Local Taxes	\$ 17,432	\$ 8,161	\$ -	\$ 25,593
Intergovernmental Receipts	24,851	19,077	71,105	115,033
Special Assessments	3,002		112,425	115,427
Charges for Services	-	4,000	-	4,000
Fines, Licenses, and Permits	-	19,008	-	19,008
Earnings on Investments	32	12	-	44
Miscellaneous	334	295	-	629
Total Cash Receipts	<u>45,651</u>	<u>50,553</u>	<u>183,530</u>	<u>279,734</u>
Cash Disbursements				
Current:				
Security of Persons and Property	19,632	36,112	-	55,744
Community Environment	3,964	-	-	3,964
Transportation	-	14,641	-	14,641
General Government	18,149	-	5,000	23,149
Debt Service:				
Principal	-	2,941	-	2,941
Interest	-	209	-	209
Capital Outlay	-	27,000	158,903	185,903
Total Cash Disbursements	<u>41,745</u>	<u>80,903</u>	<u>163,903</u>	<u>286,551</u>
Excess of Receipts Over (Under) Disbursements	3,906	(30,350)	19,627	(6,817)
Other Financing Receipts/(Disbursements)				
Debt Proceeds	-	27,000	-	27,000
Transfers-Out	-	-	-	-
Advances In	-	4,400	-	4,400
Advances Out	(4,400)	-	-	(4,400)
Other Financing Sources	10,771	-	-	10,771
Other Financing Uses	(17,296)	-	-	(17,296)
Total Other Financing Receipts/(Disbursements)	<u>(10,925)</u>	<u>31,400</u>	<u>-</u>	<u>20,475</u>
Net Change in Fund Cash Balance	(7,019)	1,050	19,627	13,658
Fund Cash Balances, January 1, 2016	<u>21,081</u>	<u>10,075</u>	<u>-</u>	<u>31,156</u>
Fund Cash Balances, December 31, 2016				
Restricted	-	11,125	19,627	30,752
Unassigned (Deficit)	14,062	-	-	14,062
Fund Cash Balances, December 31, 2016	<u>\$ 14,062</u>	<u>\$ 11,125</u>	<u>\$ 19,627</u>	<u>\$ 44,814</u>

See notes to financial statements.

**VILLAGE OF NEW ATHENS
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Proprietary
	Enterprise Fund
Operating Cash Receipts:	
Charges for Services	\$ 196,936
Total Operating Cash Receipts	196,936
Operating Cash Disbursements:	
Personal Services	38,432
Fringe Benefits	4,779
Contractual Services	80,675
Supplies and Materials	38,654
Total Operating Cash Disbursements	162,540
Operating Income/(Loss)	34,396
Non-Operating Cash Receipts (Disbursements):	
Capital Outlay	(487,582)
Special Assessments	13,516
Debt Proceeds	487,582
Redemption of Principal	(492,773)
Other Financing Sources	487,582
Other Financing Uses	(13,010)
Total Non-Operating Cash Receipts (Disbursements)	(4,685)
Net Receipts Over/(Under) Disbursements	29,711
Fund Cash Balances, January 1	29,884
Fund Cash Balances, December 31	\$ 59,595

See notes to financial statements.

**VILLAGE OF NEW ATHENS
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts				
Property Tax and Other Local Taxes	\$ 17,013	\$ 7,768	\$ -	\$ 24,781
Intergovernmental Receipts	24,775	20,362	-	45,137
Special Assessments			350,001	350,001
Charges for Services	-	6,000	-	6,000
Fines, Licenses, and Permits	-	31,399	-	31,399
Earnings on Investments	27	14	-	41
Miscellaneous	1,850	-	-	1,850
Total Cash Receipts	<u>43,665</u>	<u>65,543</u>	<u>350,001</u>	<u>459,209</u>
Cash Disbursements				
Current:				
Security of Persons and Property	13,594	46,336	-	59,930
Community Environment	1,734	-	-	1,734
Transportation	-	15,494	-	15,494
General Government	27,619	-	2,500	30,119
Debt Service:				
Principal	-	2,825	-	2,825
Interest	-	316	-	316
Capital Outlay	-	-	347,501	347,501
Total Cash Disbursements	<u>42,947</u>	<u>64,971</u>	<u>350,001</u>	<u>457,919</u>
Excess of Receipts Over (Under) Disbursements	718	572	-	1,290
Other Financing Receipts/(Disbursements)				
Transfers-In	-	-	-	-
Transfers-Out	-	-	-	-
Advances In	-	-	-	-
Advances Out	-	-	-	-
Other Financing Sources	12,580	-	-	12,580
Other Financing Uses	(11,748)	-	-	(11,748)
Total Other Financing Receipts/(Disbursements)	<u>832</u>	<u>-</u>	<u>-</u>	<u>832</u>
Net Change in Fund Cash Balance	1,550	572	-	2,122
Fund Cash Balances, January 1, 2015	<u>19,531</u>	<u>9,503</u>	<u>-</u>	<u>29,034</u>
Fund Cash Balances, December 31, 2015				
Restricted	-	9,323	-	9,323
Assigned	223	752	-	975
Unassigned (Deficit)	20,858	-	-	20,858
Fund Cash Balances, December 31, 2015	<u>\$ 21,081</u>	<u>\$ 10,075</u>	<u>\$ -</u>	<u>\$ 31,156</u>

See notes to financial statements.

**VILLAGE OF NEW ATHENS
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Proprietary
	Enterprise Fund
Operating Cash Receipts:	
Charges for Services	\$ 154,056
Total Operating Cash Receipts	154,056
Operating Cash Disbursements:	
Personal Services	25,761
Fringe Benefits	4,428
Contractual Services	67,166
Supplies and Materials	42,666
Total Operating Cash Disbursements	140,021
Operating Income/(Loss)	14,035
Non-Operating Cash Receipts (Disbursements):	
Capital Outlay	(1,233,852)
Special Assessments	565
Debt Proceeds	1,233,852
Redemption of Principal	(1,241,231)
Other Financing Sources	1,233,852
Other Financing Uses	(5,760)
Total Non-Operating Cash Receipts (Disbursements)	(12,574)
Net Receipts Over/(Under) Disbursements	1,461
Fund Cash Balances, January 1	28,423
Fund Cash Balances, December 31	\$ 29,884

See notes to financial statements.

**VILLAGE OF NEW ATHENS
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of New Athens, Harrison County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government, including water and sewer utilities, street repair and maintenance, and police protection. The Village contracts with the New Athens Volunteer Fire Department to provide fire protection services.

The Village participates in the Ohio Plan Risk Management public entity risk pool. Note 8 to the financial statements provides additional information for these entities. These organizations are:

Public Entity Risk Pool:

The Village belongs to the Ohio Plan Risk Management public entity risk pool (the Pool), an unincorporated non-profit association available to Ohio governments. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting from covered claims exceeding the member's deductible.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

Governmental Funds

General Fund

The General fund is the operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

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

**VILLAGE OF NEW ATHENS
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Police Fund - This fund receives fines, licenses and permits to fund police operations.

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:

Capital Project Fund – This fund receives proceeds from the Ohio Public Works Commission (OPWC) and Ohio Water Development Authority (OWDA) being loans or grants. The proceeds are being used for waterline replacement and wastewater system projects.

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 water service costs.

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

Budgetary Process

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

Appropriations

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

**VILLAGE OF NEW ATHENS
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Process (Continued)

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2016 and 2015 budgetary activity appears in Note 4.

Deposits and Investments

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

Property, Plant, and Equipment

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

Accumulated Leave

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

Fund Balance

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

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

Restricted – Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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

**VILLAGE OF NEW ATHENS
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

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

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

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (unassigned) amounts are available.

3. COMPLIANCE

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Sewer Fund by \$966,797 and \$2,449,424 for the years ended December 31, 2016 and 2015, respectively and in the Street Fund by \$24,558 for the year ended December 31, 2016.

4. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2016 and 2015 is as follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 53,848	\$ 56,422	\$ 2,574
Special Revenue	61,962	77,553	15,591
Capital Projects	351,796	183,530	(168,266)
Enterprise	189,757	1,185,616	995,859
Total	\$ 657,363	\$ 1,503,121	\$ 845,758

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 69,919	\$ 59,041	\$ 10,878
Special Revenue	68,992	80,903	(11,911)
Capital Projects	163,956	163,903	53
Enterprise	216,387	1,155,905	(939,518)
Total	\$ 519,254	\$ 1,459,752	\$ (940,498)

**VILLAGE OF NEW ATHENS
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

4. BUDGETARY ACTIVITY (Continued)

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 54,915	\$ 56,245	\$ 1,330
Special Revenue	63,885	65,543	1,658
Capital Projects	518,859	350,001	(168,858)
Enterprise	488,387	2,662,325	2,173,938
Total	\$ 1,126,046	\$ 3,134,114	\$ 2,008,068

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 69,184	\$ 54,930	\$ 14,254
Special Revenue	74,311	65,723	8,588
Capital Projects	350,001	350,001	-
Enterprise	371,636	2,620,864	(2,249,228)
Total	\$ 865,132	\$ 3,091,518	\$ (2,226,386)

Contrary to ORC 5705.41(D), the Village had fiscal certificates dated after invoice date.

5. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments 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:

	2016	2015
Demand Deposits	\$ 104,409	\$ 61,040

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

6. PROPERTY TAX

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

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

7. INTERFUND BALANCES

Outstanding advances at December 31, 2016, consisted of \$4,400 advanced to the Police Special Revenue fund to provide working capital for operations.

**VILLAGE OF NEW ATHENS
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

8. RISK MANAGEMENT

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village pays the State Workers' Compensation System a premium based on a rate of per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) – formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 and 783 members as of December 31, 2015 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015 and 2014 (the latest information available).

	2015	2014
Assets	\$14,643,667	\$14,830,185
Liabilities	(9,112,030)	(8,942,504)
Retained Earnings	\$ 5,531,637	\$ 5,887,681

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

**VILLAGE OF NEW ATHENS
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

9. DEFINED BENEFIT PENSION PLAN

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

The Ohio Revised Code also prescribes contribution rates. For 2016, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.00% of participant’s gross salaries. The Village has paid all contributions required through December 31, 2016.

10. POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

11. DEBT

Debt outstanding at December 31, 2016 was as follows:

	2016 Principal	%
Wesbanco-Cruiser loan	\$ 3,055	3.997
USDA Bonds-Dump Truck	27,000	2.875
OPWC #CN26A Wastewater plant	4,635	0.000
OPWC #CN27C Waterline project	18,684	0.000
Total	\$ 53,374	

The Wesbanco loan relates to the purchase of a police cruiser. The loan was issued in 2013 in the amount of \$13,433. The loan is for 36 months at a 3.997 percent interest rate. Payments are monthly in the amount of \$417.57 from the Police Special Revenue Fund. The loan is collateralized by a 2012 Dodge Charger.

The Ohio Public Works Commission (OPWC) Loan #CN26A relates to the construction of a wastewater treatment plant. This loan was approved and issued on July 1, 1997 in the amount of \$46,350. The loan is for 20 years at a zero percent interest rate. The loan will be repaid in semi-annual installments from the Sewer Fund. The Village’s taxing authority collateralizes the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) Loan #CN27C relates to the Culbertson Drive water line replacement project. The loan was issued in 2000 for \$64,725 for a 20 years. The Village will repay the loan in semiannual payments from the Water Fund. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Village received an OWDA loan for a Waste Water Treatment Plan Project estimated to cost \$3.2 million. As of December 31, 2016, \$4,551,618 has been disbursed. In 2011, the Village applied for project financing-principal forgiveness from the Water Pollution Control Loan Fund (WPCLF) and received 100% principal forgiveness financing. As of December 31, 2016 there was no loan balance due to be repaid.

**VILLAGE OF NEW ATHENS
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

11. DEBT (Continued)

The Village, on May 16, 2016, issued bonds from the United State Department of Agriculture (USDA) in the amount of \$27,000 to purchase a dump truck to be used for Village operations. It will be repaid in annual installments from the Street Fund over 10 years. The bonds are collateralized by the dump truck

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

<u>Year</u>	<u>Wesbanco Cruiser</u>	<u>USDA Bonds</u>	<u>OPWC #CN26A</u>	<u>OPWC #CN27C</u>
2017	\$ 3,141	\$ 3,172	\$ 2,318	\$ 2,874
2018	-	3,107	2,317	2,874
2019	-	3,138	-	2,874
2020	-	3,168	-	2,874
2021	-	3,091	-	2,874
2022-2027	-	15,571	-	4,314
Total	<u>\$ 3141</u>	<u>\$ 31,247</u>	<u>\$ 4,653</u>	<u>\$ 18,684</u>

12. PUBLIC ENTITY RISK POOL

The Township belongs to the Ohio Government Risk Management Plan (the Plan) an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management plan. Member governments pay annual premiums to fund the Plan. The Plan pays judgments, settlements and other expenses resulting from covered claims exceeding the member's deductible.

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

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

Village of New Athens
Harrison County
P.O. Box 126
New Athens, Ohio 43981

To the Village Council:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of New Athens, Harrison County as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated March 2, 2017, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village of New Athens's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions 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 first 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 a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 Finding 2016-001 and Finding 2016-002 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of New Athens'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 was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed one instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2016-002.

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.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
March 2, 2017

**VILLAGE OF NEW ATHENS
HARRISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

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

FINDING NUMBER 2016-001

Material Weakness-Transaction Posting

Our receipt and expenditure testing revealed that the Village recorded several transactions incorrectly. Mispostings identified included, but were not limited, to the following:

- In 2016 and 2015, Intergovernmental Receipts of \$5,639 and \$5,581, respectively, were posted to Property and Other Taxes. These amounts were adjusted to the financial statements and accounting records.
- In 2016 and 2015, Charges for Services of \$4,000 and \$6,000, respectively, were posted to Other Financing Sources. These amounts were adjusted to the financial statements and accounting records.
- In 2016 and 2015, General Government expenses of \$2,969 and \$9,869, respectively, were posted to Other Financing Uses in the General Fund. These amounts were adjusted to the financial statements and accounting records.
- In 2016 and 2015, Contractual Services in the amount of \$3,636 and \$7,820, respectively, were posted to Other Financing Uses in the Enterprise Funds. These amounts were adjusted to the financial statements and accounting records.
- In 2016 and 2015, \$487,582 and \$1,233,852, respectively, of Capital Outlay disbursements, Debt Proceeds receipts, Redemption of Principal disbursements and Other Financing Sources receipts were not posted to the Enterprise Fund. These amounts were adjusted to the financial statements and accounting records.
- In 2016, a loan in the amount of \$27,000 and Capital Outlay disbursements were not recorded in the Special Revenue Funds. These amounts were adjusted to the financial statements and accounting records.

The Village should review the Village's Handbook and exercise due care when posting transactions to help ensure receipts and disbursements are posted to the correct fund and account. Additionally, the Village Council should review monthly receipt and disbursement activity reports to help ensure transactions are properly accounted for and classified. This will help more accurately reflect the Village's financial activity and will aid in more accurate financial reporting.

Client Response: We received no response from client.

**VILLAGE OF NEW ATHENS
HARRISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

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

FINDING NUMBER 2016-002

Material Weakness – Noncompliance Expenditures exceeding Appropriations

Ohio Revised Code Section 5705.41(B) states no subdivision or taxing unit is to expend money unless it has been appropriated. The Village had the following funds which had expenditures greater than appropriation authority.

Fund	Year	Appropriation Authority	Expenditures	Variance
Sewer Fund	2016	\$ 81,437	\$ 1,048,234	\$ (966,797)
Street Fund	2016	19,323	43,881	(24,558)
Sewer Fund	2015	38,943	2,488,367	(2,449,424)

We recommend Council review expenditures versus appropriation authority throughout the year. Also, Council should not approve expenditures greater than appropriations. This could result in the Village spending more money than it receives and could cause possible negative fund balances.

Client Response: We received no response from client.

**VILLAGE OF NEW ATHENS
HARRISON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2016**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2014-01	Noncompliance/Material Weakness ORC 733.28 and OAC 117-2-02(A) Accounting records were not accurate or complete.	No	Repeated as Finding 2016-001
2014-02	Noncompliance ORC 5705.39 Appropriations exceeding estimated revenue	Yes	Corrected.
2014-03	Noncompliance/Material Weakness ORC 5705.41(B) expenditures exceeding appropriation authority	No	Repeated as Finding 2016-002



Dave Yost • Auditor of State

VILLAGE OF NEW ATHENS

HARRISON 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 23, 2017