

VILLAGE OF NEW CONCORD

AUDIT REPORT

JANUARY 1, 2018 - DECEMBER 31, 2019

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

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Village of New Concord
2 West Main Street
PO Box 10
New Concord, Ohio 43762

We have reviewed the *Independent Auditor's Report* of the Village of New Concord, Muskingum County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 11, 2020

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**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY
JANUARY 1, 2018 - DECEMBER 31, 2019**

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

INDEPENDENT AUDITORS' REPORT

Village of New Concord
Muskingum County
2 West Main Street
PO Box 10
New Concord, Ohio 43762

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of the Village of New Concord, Muskingum County, as of and for the years ended December 31, 2019 and 2018.

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 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(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 Concord as of December 31, 2019 and 2018, 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 cash balances, receipts and disbursements by fund type and the related notes of Village of New Concord, Muskingum County as of December 31, 2019 and 2018, 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 2.

Emphasis of Matter

As discussed in Note 12 to the 2019 financial statements, during 2020, the impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated July 23, 2020, on our consideration of the Village of New Concord's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
July 23, 2020

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts					
Property Tax and Other Local Taxes	\$ 446,821	\$ 123,659	\$ -	\$ -	\$ 570,480
Municipal Income Tax	664,276	-	-	-	664,276
Intergovernmental	48,214	84,871	20,529	-	153,614
Charges for Services	863	409,245	-	-	410,108
Fines, Licenses, and Permits	50,425	66	-	-	50,491
Earnings on Investments	15,638	-	-	-	15,638
Miscellaneous	36,446	457,002	-	-	493,448
Total Cash Receipts	<u>1,262,683</u>	<u>1,074,843</u>	<u>20,529</u>	<u>-</u>	<u>2,358,055</u>
Cash Disbursements					
Current:					
Security of Persons and Property	348,445	839,306	-	-	1,187,751
Public Health Services	-	12,696	-	-	12,696
Leisure Time Activities	-	26,899	-	-	26,899
Community Environment	-	2,917	-	-	2,917
Transportation	-	241,154	-	-	241,154
General Government	346,009	1,919	-	-	347,928
Capital Outlay	88,524	288,085	-	-	376,609
Debt Service:					
Principal Retirement	10,133	39,278	43,109	-	92,520
Interest and Fiscal Charges	460	6,565	3,423	-	10,448
Total Cash Disbursements	<u>793,571</u>	<u>1,458,819</u>	<u>46,532</u>	<u>-</u>	<u>2,298,922</u>
Total Receipts Over/(Under) Disbursements	469,112	(383,976)	(26,003)	-	59,133
Other Financing Receipts/(Disbursements)					
Other Debt Proceeds	37,538	59,728	-	-	97,266
Sale of Capital Assets	-	7,500	-	-	7,500
Transfers In	-	395,100	25,896	-	420,996
Transfers Out	(420,996)	-	-	-	(420,996)
Total Other Financing Receipts/(Disbursements)	<u>(383,458)</u>	<u>462,328</u>	<u>25,896</u>	<u>-</u>	<u>104,766</u>
Net Change in Fund Cash Balances	85,654	78,352	(107)	-	163,899
Fund Cash Balances, January 1, 2019	<u>54,897</u>	<u>106,791</u>	<u>122</u>	<u>655</u>	<u>162,465</u>
Fund Cash Balances, December 31, 2019					
Restricted	-	112,599	15	655	113,269
Committed	-	72,544	-	-	72,544
Assigned	7,807	-	-	-	7,807
Unassigned (Deficit)	132,744	-	-	-	132,744
Fund Cash Balances, December 31, 2019	<u>\$ 140,551</u>	<u>\$ 185,143</u>	<u>\$ 15</u>	<u>\$ 655</u>	<u>\$ 326,364</u>

See notes to financial statements.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Proprietary</u>	<u>Fiduciary</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 1,219,744	\$ -	\$ 1,219,744
Fines, Licenses and Permits	-	11,482	11,482
Total Operating Cash Receipts	<u>1,219,744</u>	<u>11,482</u>	<u>1,231,226</u>
Operating Cash Disbursements:			
Personal Services	408,221	-	408,221
Fringe Benefits	161,096	-	161,096
Contractual Services	209,424	-	209,424
Supplies and Materials	130,424	-	130,424
Other	2,052	-	2,052
Total Operating Cash Disbursements	<u>911,217</u>	<u>-</u>	<u>911,217</u>
Operating Income/(Loss)	<u>308,527</u>	<u>11,482</u>	<u>320,009</u>
Non-Operating Cash Receipts (Disbursements):			
Loans Issued	1,995	-	1,995
Capital Outlay	(108,099)	-	(108,099)
Principal Retirement	(188,176)	-	(188,176)
Interest and Other Fiscal Charges	(33,654)	-	(33,654)
Other Financing Uses	-	(12,672)	(12,672)
Total Non-Operating Cash Disbursements	<u>(327,934)</u>	<u>(12,672)</u>	<u>(340,606)</u>
Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances	(19,407)	(1,190)	(20,597)
Transfers In	22,301	-	22,301
Transfers Out	<u>(22,301)</u>	<u>-</u>	<u>(22,301)</u>
Net Change In Fund Cash Balance	(19,407)	(1,190)	(20,597)
Fund Cash Balances, January 1, 2019	<u>308,921</u>	<u>1,190</u>	<u>310,111</u>
Fund Cash Balances, December 31, 2019	<u>\$ 289,514</u>	<u>\$ -</u>	<u>\$ 289,514</u>

See notes to financial statements.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

1. REPORTING ENTITY

Description of the Entity

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Fund Accounting

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

Governmental Funds

General Fund

The General fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

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

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

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

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

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Debt Service Funds

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

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

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

General Obligation Limited Tax Bond Anticipation Note Retirement Fund – This fund receives transfers from the General Fund to pay the required debt payments.

Capital Projects Funds

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

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

Enterprise Funds

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

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

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

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

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary 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 had the following significant Fiduciary Fund:

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(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. Unencumbered appropriations lapse at year end.

Estimated Resources

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

Encumbrances

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

A summary of 2019 budgetary activity appears in Note 3.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits and Investments

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

Property, Plant, and Equipment

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

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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

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

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2019 is as follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,144,000	\$ 1,300,221	\$ 156,221
Special Revenue	1,468,940	1,537,171	68,231
Debt Service	47,008	46,425	(583)
Enterprise	1,128,301	1,221,739	93,438
Total	\$ 3,788,249	\$ 4,105,556	\$ 317,307

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,199,873	\$ 1,222,374	\$ (22,501)
Special Revenue	1,457,240	1,462,208	(4,968)
Debt Service	47,008	46,532	476
Enterprise	1,361,907	1,282,963	78,944
Total	\$ 4,066,028	\$ 4,014,077	\$ 51,951

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

Contrary to ORC 5705.41(B), the Village had funds where expenditures exceeded appropriations.

Contrary to ORC 5705.39, the Village's General Fund had appropriations exceeding estimated resources.

4. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2019
Demand Deposits	\$ 615,878
Total Deposits	\$ 615,878

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institutions public entity deposit pool.

5. PROPERTY TAX

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

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

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

6. LOCAL INCOME TAX

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

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

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

8. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2019, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.0% of participant's gross salaries. The Village has paid all contributions required through December 31, 2019.

Ohio Police and Fire Retirement

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants in 2019, contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police officer's wages. The Village has paid all contributions required through December 31, 2019.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

9. POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019, OP&F contributes 0.5 percent to fund these benefits.

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

10. DEBT

Debt outstanding at December 31, 2019 was as follows:

	2019 Principal	%
2011 Sewer Bonds	\$ 204,025	4.125
2014 TIF Bonds	74,600	1.8875
2012 OPWC Loan CR19P	97,590	0.00
2010 OPWC Loan CR29M	174,591	0.00
2019 OPWC Loan CR26U	585,337	0.00
OWDA Water Improvement Loan #2935	128,733	5.85
OWDA Wastewater Improvement Loan #3665	40,760	0.00
OWDA East Side Sanitary Sewer Loan #4475	61,894	1.00
OWDA Waterline Replacement Loan #6192	23,918	3.45
OWDA Water System Improvements Loan #7867	68,333	3.06
OWDA Ground Water Storage Tank Loan #7674	224,538	1.14
OWDA Asset Management Plan Loan #7891	4,653	0.00
USDA Wastewater Treatment Plant Loan	497,020	2.25
Municipal Building Improvement Bond	20,382	3.853
Ford Taurus Cruiser Lease	9,895	2.35
Ford Medic Lease	186,328	2.85
Ford Pickup Lease	5,191	2.65
2019 Ford Cruiser Lease	37,538	3.75
K9 Cruiser Lease	16,550	2.95
Ford F350 Lease	43,178	3.75
Total	<u>\$ 2,505,054</u>	

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

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

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

10. DEBT (Continued)

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

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

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

The Municipal Building Improvement Bond Anticipation Notes were issued in 2018 to finance a window renovation project. Bonds were issued for \$40,000 at the rate of 3.853%. These bonds are secured by the full faith, credit and revenue of the Village.

Leases

The Village entered into a lease agreement with Huntington National Bank in 2017 to acquire a Ford Taurus Cruiser to be used in police operations in the amount of \$29,028.

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

The Village entered into a lease agreement with Century National Bank in 2016 to acquire a Ford Pickup to be used in street operations in the amount of \$24,650.

The Village entered into a lease agreement with Community Bank in 2019 to acquire a 2019 Ford Cruiser to be used in police operations in the amount of \$37,538. The first payment will be due in 2020.

The Village entered into a lease agreement with Community Bank in 2019 to acquire a K9 Cruiser to be used in police operations in the amount of \$16,550. The first payment will be due in 2020.

The Village entered into a lease agreement with Community Bank in 2019 to acquire a Ford F350 Truck to be used in street operations in the amount of \$43,178. The first payment will be due in 2020.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

10. DEBT (Continued)

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

Year Ending December 31	2011 Sewer Bonds	2014 TIF Bonds	OPWC Loans	OWDA Loans	Leases
2020	\$ 38,810	\$ 25,811	\$ 39,202	\$ 118,848	\$ 84,958
2021	38,810	25,811	39,201	74,153	69,501
2022	38,810	25,811	39,202	28,692	69,501
2023	38,810	-	39,202	14,410	50,160
2024	38,810	-	39,201	8,586	50,160
2025-2029	38,810	-	185,169	21,465	-
2030-2034	-	-	141,793	-	-
2035-2039	-	-	141,793	-	-
2040-2044	-	-	103,468	-	-
2045-2049	-	-	89,287	-	-
	<u>\$ 232,860</u>	<u>\$ 77,433</u>	<u>\$ 857,518</u>	<u>\$ 266,154</u>	<u>\$ 324,280</u>

Year Ending December 31	USDA	Building Bond
2020	\$ 22,360	\$ 21,181
2021	22,313	-
2022	22,261	-
2023	22,304	-
2024	22,341	-
2025-2029	111,443	-
2030-2034	111,516	-
2035-2039	111,506	-
2040-2044	111,501	-
2045-2049	111,594	-
2050-2054	44,561	-
	<u>\$ 713,700</u>	<u>\$ 21,181</u>

11. CONTINGENT LIABILITIES

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

12. SUBSEQUENT EVENTS

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

During 2020, the Village entered into agreement with Peoples Bank to finance the purchase of an aerial platform truck to be used in the fire department in the amount of \$314,000.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Property Tax and Other Local Taxes	\$ 402,239	\$ 119,348	\$ -	\$ -	\$ 521,587
Municipal Income Tax	605,388	-	-	-	605,388
Intergovernmental	40,900	130,288	21,121	-	192,309
Charges for Services	-	438,924	-	-	438,924
Fines, Licenses, and Permits	67,804	-	-	-	67,804
Earnings on Investments	9,579	-	-	-	9,579
Miscellaneous	31,505	145,457	-	-	176,962
Total Cash Receipts	1,157,415	834,017	21,121	-	2,012,553
Cash Disbursements					
Current:					
Security of Persons and Property	311,707	695,894	-	-	1,007,601
Public Health Services	-	11,000	-	-	11,000
Leisure Time Activities	-	26,615	-	-	26,615
Community Environment	-	2,919	-	-	2,919
Transportation	-	213,490	-	-	213,490
General Government	341,876	2,200	-	-	344,076
Capital Outlay	9,801	264,758	-	40,000	314,559
Debt Service:					
Principal Retirement	47,317	118,952	88,507	-	254,776
Interest and Fiscal Charges	3,381	11,230	3,929	-	18,540
Total Cash Disbursements	714,082	1,347,058	92,436	40,000	2,193,576
Total Receipts Over/(Under) Disbursements	443,333	(513,041)	(71,315)	(40,000)	(181,023)
Other Financing Receipts/(Disbursements)					
Sale of Bonds	-	-	-	40,000	40,000
Transfers In	-	387,000	71,437	-	458,437
Transfers Out	(462,437)	-	-	-	(462,437)
Other Financing Uses	(2,500)	-	-	-	(2,500)
Total Other Financing Receipts/(Disbursements)	(464,937)	387,000	71,437	40,000	33,500
Net Change in Fund Cash Balances	(21,604)	(126,041)	122	-	(147,523)
Fund Cash Balances, January 1, 2018	76,501	232,832	-	655	309,988
Fund Cash Balances, December 31, 2018					
Restricted	-	79,352	122	655	80,129
Committed	-	27,439	-	-	27,439
Assigned	6,618	-	-	-	6,618
Unassigned (Deficit)	48,279	-	-	-	48,279
Fund Cash Balances, December 31, 2018	\$ 54,897	\$ 106,791	\$ 122	\$ 655	\$ 162,465

See notes to financial statements.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Proprietary</u>	<u>Fiduciary</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 1,185,978	\$ -	\$ 1,185,978
Fines, Licenses and Permits	-	8,250	8,250
Total Operating Cash Receipts	<u>1,185,978</u>	<u>8,250</u>	<u>1,194,228</u>
Operating Cash Disbursements:			
Personal Services	398,117	-	398,117
Fringe Benefits	159,490	-	159,490
Contractual Services	218,235	-	218,235
Supplies and Materials	134,046	-	134,046
Other	1,655	-	1,655
Total Operating Cash Disbursements	<u>911,543</u>	<u>-</u>	<u>911,543</u>
Operating Income/(Loss)	<u>274,435</u>	<u>8,250</u>	<u>282,685</u>
Non-Operating Cash Receipts (Disbursements):			
Loans Issued	149,877	-	149,877
Other Debt Proceeds	287,176	-	287,176
Capital Outlay	(497,011)	-	(497,011)
Principal Retirement	(175,959)	-	(175,959)
Interest and Other Fiscal Charges	(36,561)	-	(36,561)
Other Financing Uses	-	(8,250)	(8,250)
Total Non-Operating Cash Disbursements	<u>(272,478)</u>	<u>(8,250)</u>	<u>(280,728)</u>
Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances	1,957	-	1,957
Transfers In	31,235	-	31,235
Transfers Out	<u>(27,235)</u>	<u>-</u>	<u>(27,235)</u>
Net Change In Fund Cash Balance	5,957	-	5,957
Fund Cash Balances, January 1, 2018	<u>302,964</u>	<u>1,190</u>	<u>304,154</u>
Fund Cash Balances, December 31, 2018	<u>\$ 308,921</u>	<u>\$ 1,190</u>	<u>\$ 310,111</u>

See notes to financial statements.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

1. REPORTING ENTITY

Description of the Entity

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Fund Accounting

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

Governmental Funds

General Fund

The General fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

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

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

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

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

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Debt Service Funds

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

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

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

General Obligation Limited Tax Bond Anticipation Note Retirement Fund – This fund receives transfers from the General Fund to pay the required debt payments.

Capital Projects Funds

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

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

Enterprise Funds

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

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

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

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

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary 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 had the following significant Fiduciary Fund:

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

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(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. Unencumbered appropriations lapse at year end.

Estimated Resources

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

Encumbrances

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

A summary of 2018 budgetary activity appears in Note 3.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits and Investments

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

Property, Plant, and Equipment

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

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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

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

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2018 is as follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,169,050	\$ 1,157,415	\$ (11,635)
Special Revenue	1,268,483	1,221,017	(47,466)
Debt Service	94,062	92,558	(1,504)
Capital Projects	45,000	40,000	(5,000)
Enterprise	1,141,236	1,654,266	513,030
Total	\$ 3,717,831	\$ 4,165,256	\$ 447,425

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,244,671	\$ 1,185,637	\$ 59,034
Special Revenue	1,420,311	1,354,716	65,595
Debt Service	94,062	92,436	1,626
Capital Projects	500	40,000	(39,500)
Enterprise	1,408,208	1,667,741	(259,533)
Total	\$ 4,167,752	\$ 4,340,530	\$ (172,778)

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

Contrary to ORC 5705.41(B), the Village had funds where expenditures exceeded appropriations.

Contrary to ORC 5705.38(C), the Village approved appropriations at the fund level rather than at the office, department, and division level as required for a Village.

4. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2018
Demand Deposits	\$ 472,576
Total Deposits	\$ 472,576

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institutions public entity deposit pool.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

5. PROPERTY TAX

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

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

6. LOCAL INCOME TAX

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

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

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

8. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2018, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.0% of participant's gross salaries. The Village has paid all contributions required through December 31, 2018.

Ohio Police and Fire Retirement

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants in 2018, contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police officer's wages. The Village has paid all contributions required through December 31, 2018.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

8. DEFINED BENEFIT PENSION PLAN (Continued)

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

9. POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offer 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 and OP&F contributes 0.5 percent to fund these benefits.

10. DEBT

Debt outstanding at December 31, 2018 was as follows:

	2018	
	Principal	%
2011 Sewer Bonds	\$ 233,375	4.125
2014 TIF Bonds	98,551	1.8875
2012 OPWC Loan CR19P	108,433	0.00
2010 OPWC Loan CR29M	183,108	0.00
2019 OPWC Loan CR26U	595,258	0.00
OWDA Water Improvement Loan #2935	209,042	5.85
OWDA Wastewater Improvement Loan #3665	52,405	0.00
OWDA East Side Sanitary Sewer Loan #4475	69,802	1.00
OWDA Waterline Replacement Loan #6192	31,361	3.45
OWDA Water System Improvements Loan #7867	69,943	3.06
OWDA Ground Water Storage Tank Loan #7674	231,457	1.14
OWDA Asset Management Plan Loan #7891	5,670	0.00
USDA Wastewater Treatment Plant Loan	507,720	2.25
Municipal Building Improvement Bond	40,000	3.853
Ford Taurus Cruiser Lease	19,563	2.35
Ford Medic Lease	220,552	2.85
Ford Pickup Lease	10,249	2.65
Total	<u>\$ 2,686,489</u>	

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

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

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

10. DEBT (Continued)

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

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

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Leases

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

The Village entered into a lease agreement with Century National Bank in 2016 to acquire a Ford Pickup to be used in street operations in the amount of \$24,650.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

10. DEBT (Continued)

Year Ending December 31	2011 Sewer Bonds	2014 TIF Bonds	OPWC Loans	OWDA Loans	Leases
2019	\$ 38,810	\$ 25,811	\$ 29,281	\$ 117,363	\$ 55,971
2020	38,810	25,811	39,202	118,848	55,971
2021	38,810	25,811	39,201	74,153	40,514
2022	38,810	25,811	39,202	28,692	40,514
2023	38,810	-	39,202	14,409	40,514
2024-2028	77,620	-	196,011	30,051	40,514
2029-2033	-	-	141,793	-	-
2034-2038	-	-	141,794	-	-
2039-2043	-	-	111,984	-	-
2044-2048	-	-	99,208	-	-
2049-2053	-	-	9,921	-	-
	<u>\$ 271,670</u>	<u>\$ 103,244</u>	<u>\$ 886,799</u>	<u>\$ 383,516</u>	<u>\$ 273,998</u>

Year Ending December 31	USDA	Building Bond
2019	\$ 22,301	\$ 21,181
2020	22,360	21,181
2021	22,313	-
2022	22,261	-
2023	22,304	-
2024-2028	111,551	-
2029-2033	111,489	-
2034-2038	111,463	-
2039-2043	111,568	-
2044-2048	111,490	-
2049-2053	66,901	-
	<u>\$ 736,001</u>	<u>\$ 42,362</u>

11. CONTINGENT LIABILITIES

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

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

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

Village of New Concord
Muskingum County
2 West Main Street
PO Box 10
New Concord, Ohio 43762

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 Village of New Concord, Muskingum County as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated July 23, 2020, 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 Concord'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 certain deficiencies in internal control over financial reporting, that we consider a material weakness and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, 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. We consider Finding 2019-002 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Finding 2019-005 described in the accompanying schedule of findings to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of New Concord'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 three instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2019-001, 2019-003 and 2019-004.

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
July 23, 2020

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

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

FINDING NUMBER 2019-001

Noncompliance – Certification of Funds

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

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

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

The Village did not certify the availability of funds prior to the purchase commitment for 18% of expenditures tested. For these items the Village also did not prepare blanket certificates, super blankets certificates or then and now certificates in accordance with the Ohio Revised Code. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

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

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

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

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

FINDING NUMBER 2019-002

Material Weakness – Financial Reporting

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

In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 defined how fund balances were to be classified and was codified as follows: GASB Cod. 1800.168-169 requires reporting funds whose revenue has external legal constraints as Restricted. GASB Cod. 1800-170-172 requires reporting funds whose revenue had constraints imposed by Council, which could not be changed without Council approval, as Committed. GASB Cod. 1800.173-176 requires funds without external or internal constraints to report Assigned fund balances for amounts encumbered or set aside to cover the excess of subsequent year appropriations exceeding estimated revenue. GASB Cod. 1800.177 designates Unassigned fund balance as the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. In addition, Auditor of State Bulletin 2011-004 requires local governments which prepare cash basis financial statements to implement these fund balance classifications and governmental fund type definitions.

During 2019 and 2018, the Village implemented GASB Statement No. 54, however the following inaccurate reporting of fund balance was noted:

- The General Fund’s encumbrances were reported as unassigned rather than assigned in the amounts of \$7,807 and \$6,618 for 2019 and 2018, respectively.
- The Fire and EMS Fund’s source of revenue was derived from revenue generated from charges for service provided to cover the costs of providing emergency services. As the revenue has no external constraints, the fund balances should be reported as Committed as the purpose is imposed by Village Council. Additionally, the Celebrate New Concord Fund’s source of revenue is derived from donations that are implied by the donor to be used for the Celebrate New Concord summer concert series. Therefore, the fund balance should be reported as Committed. However, the Village reported Restricted amounts related to these funds totaling \$72,544 for 2019 and \$27,439 for 2018.

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

Adjustments:

- In 2019, an adjustment was made to record Other Debt Proceeds and Capital Outlay expenditures in the amount of \$37,538 for the General Fund for a new lease obtained through Community Bank for a Ford Cruiser.
- In 2019, an adjustment was made to record Other Debt Proceeds and Capital Outlay expenditures in the amount of \$43,178 for the Street Fund for a new lease obtained through Community Bank for a F350 Truck.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

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

FINDING NUMBER 2019-002 (Continued)

- In 2019, an adjustment was made to record Other Debt Proceeds and Capital Outlay expenditures in the amount of \$16,550 for the K9 Unit Fund for a new lease obtained through Community Bank for a K9 Cruiser.
- In 2019, an adjustment was made to record Loans Issued and Capital Outlay expenditures in the amount of \$1,995 for the Water Operating Fund for a new draws on OWDA loan #7867.
- In 2019, an adjustment was made to decrease Property and Other Taxes in the amount of \$13,244 and to increase Intergovernmental Revenue in the General Fund and Street Assessment Fund in the amounts of \$11,279 and \$1,965.
- In 2018, an adjustment was made to record Loans Issued and Capital Outlay expenditures in the amount of \$97,732 for the Water Operating Fund for a new draws on the OWDA Loans.
- In 2018, an adjustment was made to record Other Debt Proceeds and Capital Outlay expenditures in the amount of \$266,853 for the Water Operating Fund for OPWC Loan CR26U.
- In 2018, an adjustment was made to decrease Property and Other Taxes in the amount of \$6,045 and to increase Intergovernmental Revenue in the General Fund and Street Assessment Fund in the amounts of \$4,831 and \$1,214.
- In 2018, the Village improperly reported the Water System Improvement Fund as a Capital Projects Fund instead of an Enterprise Fund.
- \$41,145 in Other Financing Sources were reported in the Capital Projects Fund, that were loans issued for the water system improvements.
- \$41,145 in Capital Outlay Expenditures were reported in the Capital Projects Fund.
- In 2018, The Village improperly reported the Municipal Building Improvement Bond in the General Fund instead of a Capital Projects Fund.
- \$39,750 Sale of Bonds were reported in General Fund.
- \$39,750 in Capital Outlay Expenditures were reported in the General Fund.
- In 2018, an adjustment was made to gross up Sale of Bonds and Capital Outlay expenditures in the amount of \$250 for the Capital Projects Fund to properly state the new bond acquired.

Reclassifications:

- In 2019, a reclassification from General Government Disbursements to Principal Retirement in the amount of \$465 in the General Fund to properly show debt payments.
- In 2019, a reclassification from Miscellaneous Receipts to Intergovernmental in the amount of \$20,529 in the Debt Service Funds.
- In 2019, a reclassification from Miscellaneous Receipts to Fines, Licenses and Permits in the amount of \$11,482 in the Agency Fund.
- In 2018, a reclassification from Principal Retirement to Interest and Other Fiscal Charges in the amount of \$1,259 in the Enterprise Funds to properly show debt payments.
- In 2018, a reclassification from Property and Other Taxes to Intergovernmental in the amounts of \$4,761 and \$1,186 for the General and Street Assessment Funds, respectively.
- In 2018, a reclassification from Miscellaneous Receipts to Intergovernmental in the amount of \$21,121 in the Debt Service Funds.
- In 2018, a reclassification from Miscellaneous Receipts to Fines, Licenses and Permits in the amount of \$8,250 in the Agency Fund.

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

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

FINDING NUMBER 2019-002 (Continued)

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

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

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

FINDING NUMBER 2019-003

Noncompliance

Ohio Revised Code Section 5705.09(E) requires that each subdivision shall establish a special bond fund for each bond issue.

In 2018, the Village recorded the Municipal Building Improvement Bond in the amount of \$39,750 in the General Fund.

The Village should ensure that each bond issuance be recorded in a Capital Projects Fund. By taking such steps, the Village will ensure that the bond proceeds are properly recorded.

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

FINDING NUMBER 2019-004

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.

		Appropriation			
Fund	Year	Authority	Expenditures		Variance
General	2019	\$ 1,199,873	\$ 1,222,370		\$ (22,497)
Street	2019	203,877	242,484		(38,607)
K9 Unit	2019	15,000	28,999		(13,999)
Building Imp. Bond	2018	-	40,000		(40,000)
Water Operating	2018	711,992	1,006,471		(294,479)

**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

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

FINDING NUMBER 2019-004 (Continued)

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

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

FINDING NUMBER 2019-005

Significant Deficiency – Posting of Budget

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

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

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

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

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**VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2017-001	Material Weakness Income Tax Controls	Yes	Finding No Longer Valid
2017-002	Material Weakness Financial Reporting	No	Not Corrected: Stated as Finding Number 2019-002 in current report
2017-003	Noncompliance/ Material Weakness ORC 5705.09(C)	Yes	Finding No Longer Valid
2017-004	Noncompliance/ Significant Deficiency ORC 5705.41(B)	No	Not Corrected: Stated as Finding Number 2019-004 in current report
2017-005	Noncompliance ORC 5705.38(C)	No	Partially Corrected; reissued in Management Letter

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF NEW CONCORD

MUSKINGUM COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/24/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov