

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

Financial Statements
(Audited)

For The Year Ended
December 31, 2006

SUE WILSON, CLERK/TREASURER



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of New Concord, Muskingum County, prepared by Julian & Grube, Inc., for the audit period January 1, 2006 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 6, 2007

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

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report.....	1 - 2
Combined Statement of Cash Fund Balances - All Fund Types December 31, 2006.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - All Governmental Fund Types For the Year Ended December 31, 2006.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - Proprietary Fund Type For the Year Ended December 31, 2006.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Encumbrances Compared with Expenditure Authority - Budget and Actual For the Year Ended December 31, 2006.....	6
Notes to the Financial Statements.....	7 - 19
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	20 - 21



Julian & Grube, Inc.

Serving Ohio Local Governments

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the Village of New Concord (the "Village"), Muskingum County, Ohio, as of and for the year ended December 31, 2006. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 2, the Village prepares its financial statements on the basis of accounting prescribed or permitted by Auditor of State. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variance between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2006. Instead of the combined funds the accompanying financial statements present for 2006, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2006. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2006, or its changes in financial position or cash flow of its proprietary fund for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances and fund balances of the Village of New Concord, Muskingum County, as of December 31, 2006, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements for the year then ended on the basis of accounting described in Note 2.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2006. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2007 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting and compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Julian & Grube, Inc.
June 15, 2007

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

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2006

<u>Cash, Cash Equivalents and Investments</u>	<u>2006</u>
Cash and Cash Equivalents	\$ 21,602
Investments	<u>726,871</u>
Total Cash, Cash Equivalents, and Investments	<u><u>\$ 748,473</u></u>
 <u>Fund Balances</u>	
<u>Governmental Fund Types:</u>	
General	\$ 319,431
Special Revenue Funds	264,725
Debt Service Funds	17,915
Capital Projects Funds	<u>37,019</u>
Total Governmental Fund Types	<u>639,090</u>
 <u>Proprietary Fund Type:</u>	
Enterprise Funds	<u>109,383</u>
Total Fund Balances	<u><u>\$ 748,473</u></u>

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

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

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash receipts:					
Local taxes	\$ 630,703	\$ -	\$ -	\$ -	\$ 630,703
Intergovernmental	61,843	158,038	-	394,975	614,856
Special assessments	-	-	26,399	-	26,399
Charges for services	-	256,788	-	-	256,788
Fines, licenses, and permits	60,430	-	-	-	60,430
Interest	39,856	800	-	-	40,656
Miscellaneous	29,699	18,171	-	-	47,870
Total cash receipts	<u>822,531</u>	<u>433,797</u>	<u>26,399</u>	<u>394,975</u>	<u>1,677,702</u>
Cash disbursements:					
Current:					
Security of persons and property	201,635	174,452	-	-	376,087
Leisure time activities	-	20,527	-	-	20,527
Transportation	-	138,270	-	-	138,270
General government	364,079	1,426	1,287	-	366,792
Capital outlay	62,749	177,322	-	488,016	728,087
Debt service:					
Principal retirement	61,503	36,000	43,594	-	141,097
Interest and fiscal charges	37,442	4,545	13,952	-	55,939
Total cash disbursements	<u>727,408</u>	<u>552,542</u>	<u>58,833</u>	<u>488,016</u>	<u>1,826,799</u>
Total cash receipts over/(under) cash disbursements	<u>95,123</u>	<u>(118,745)</u>	<u>(32,434)</u>	<u>(93,041)</u>	<u>(149,097)</u>
Other financing receipts/(disbursements):					
Operating transfers in	-	171,000	34,000	17,255	222,255
Operating transfers out	(196,000)	-	-	-	(196,000)
Other uses	(1,703)	-	-	-	(1,703)
Total other financing receipts/(disbursements)	<u>(197,703)</u>	<u>171,000</u>	<u>34,000</u>	<u>17,255</u>	<u>24,552</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(102,580)	52,255	1,566	(75,786)	(124,545)
Cash fund balances, January 1, 2006	<u>422,011</u>	<u>212,470</u>	<u>16,349</u>	<u>112,805</u>	<u>763,635</u>
Cash fund balances, December 31, 2006	<u>\$ 319,431</u>	<u>\$ 264,725</u>	<u>\$ 17,915</u>	<u>\$ 37,019</u>	<u>\$ 639,090</u>

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

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

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN CASH FUND BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2006

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 727,876
Total operating cash receipts	727,876
Operating cash disbursements:	
Personal services	181,835
Contractual services	219,785
Supplies and material	155,777
Capital outlay	36,781
Total operating cash disbursements	594,178
Operating income	133,698
Nonoperating cash (disbursements):	
Other financing uses	(1,336)
Debt service:	
Principal	(64,997)
Interest	(79,836)
Total nonoperating cash (disbursements)	(146,169)
(Loss) before operating transfers	(12,471)
Transfers in	45,650
Transfers out	(71,905)
Net receipts (under) disbursements	(38,726)
Cash fund balances, January 1, 2006	148,109
Cash fund balances, December 31, 2006	\$ 109,383

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

VILLAGE OF NEW CONCORD
MUSKINGUM COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2006 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2006 Appropriations	Total	Actual 2006 Disbursements	Encumbrances Outstanding at 12/31/06	Total	Variance Favorable (Unfavorable)
	Governmental:											
General	\$ 422,011	\$ 796,460	\$ 1,218,471	\$ 822,531	\$ 26,071	\$ -	\$ 1,158,000	\$ 1,158,000	\$ 925,111	\$ -	\$ 925,111	\$ 232,889
Special Revenue	212,470	660,333	872,803	604,797	(55,536)	-	865,588	865,588	552,542	-	552,542	313,046
Debt Service	16,349	59,680	76,029	60,399	719	-	69,000	69,000	58,833	-	58,833	10,167
Capital Projects	112,805	477,000	589,805	412,230	(64,770)	-	589,805	589,805	488,016	-	488,016	101,789
Proprietary:												
Enterprise	148,109	764,649	912,758	773,526	8,877	-	895,295	895,295	812,252	-	812,252	83,043
Total												
(Memorandum Only)	\$ 911,744	\$ 2,758,122	\$ 3,669,866	\$ 2,673,483	\$ (84,639)	\$ -	\$ 3,577,688	\$ 3,577,688	\$ 2,836,754	\$ -	\$ 2,836,754	\$ 740,934

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 1 - DESCRIPTION OF THE ENTITY

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. BASIS OF PRESENTATION - FUND ACCOUNTING

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

GOVERNMENTAL FUNDS

General Fund

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

Special Revenue Funds

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

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

The Village had the following significant Special Revenue Funds:

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

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

Debt Service Funds

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

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

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

Capital Projects Funds

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

Sewer Construction Fund - This fund accounts for all transactions relating to the sewer construction.

PROPRIETARY FUND TYPE

Enterprise Funds

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

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

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

B. BASIS OF ACCOUNTING

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

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

C. BUDGETARY PROCESS

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

Tax Budget:

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

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

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Village determined that receipts collected will be greater than or less than the prior estimate, and the Budget Commission finds the revised estimate to be reasonable. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. The Village had several amendments to the original estimated certificate during the year ended December 31, 2006.

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The Village adopted several appropriation modifications during the year ended December 31, 2006.

Encumbrances:

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

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Village had no outstanding encumbrances at December 31, 2006.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

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

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Village considers “Cash and Cash Equivalents” to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Village totaled \$40,656 for the year ended December 31, 2006.

E. PROPERTY, PLANT AND EQUIPMENT

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

F. UNPAID VACATION AND SICK LEAVE

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

G. INTERFUND TRANSACTIONS

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

H. INTERGOVERNMENTAL REVENUES

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

I. TOTAL COLUMNS ON FINANCIAL STATEMENTS

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

	<u>2006</u>
Deposits:	
Demand Deposits	\$ 21,602
Investments:	
Repurchase Agreement	<u>726,871</u>
Total Cash and Investments	<u>\$ 748,473</u>

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

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

NOTE 4 - PROPERTY TAX

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 5 - DEBT OBLIGATIONS

At December 31, 2006, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at December 31, 2006</u>
2005 SQUAD note, due in annual payment of varying amounts through 2010 at a rate of 3.17%.	\$ 72,000
2004 Various Purpose General Obligation Bond, due in annual payments of varying amounts through 2018 at a rate of 4.5%.	635,000
2002 Ohio Water Development Authority (OWDA) Wastewater Treatment Plant Improvements Loan due in semi-annual payments of \$5,823 at 0% interest through 2023.	192,151
1999 Main Street Lighting bonds, due in annual payments of \$27,045 through 2009 at a rate of 5.9%	72,426
1998 Ohio Water Development Authority (OWDA) Sewer loan, due in semiannual payments of \$13,369 through 2008 at a rate of 5.66%	49,254
1994 OWDA Sewer Improvement loan, due in semiannual payments of \$12,084 through 2015 at a rate of 4.56%.	168,734
1994 OWDA Water Improvement loan, due in semiannual payments of \$46,269 through 2021 at a rate of 5.85%.	887,904
1988 Special Assessment bonds - Wedgewood, due in semiannual payments of varying amounts through 2008 at a rate of 8.2%.	15,000
1985 Sewer USDA Mortgage Revenue Bonds, due in annual payments of varying amounts through 2025 at a rate of 5%.	<u>498,000</u>
Total debt obligations at December 31, 2006	<u>\$ 2,590,469</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 5 - DEBT OBLIGATIONS - (Continued)

Transactions for the year ended December 31, 2006, are summarized as follows:

<u>Description</u>	<u>Balance</u> <u>12/31/2005</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance at</u> <u>12/31/2006</u>
2004 Various Purpose General Obligation Bonds	\$ 675,000	\$ -	\$ (40,000)	\$ 635,000
2002 OWDA Wastewater Treatment Plant Improvement	203,797	-	(11,646)	192,151
2005 Squad Note	108,000	-	(36,000)	72,000
1999 Main Street Lighting Bonds	93,929	-	(21,503)	72,426
OWDA Loan - Sewer 1998	71,921	-	(22,667)	49,254
OWDA Loan - Sewer 1994	184,661	-	(15,927)	168,734
OWDA Water Improvement 1994	926,255	-	(38,351)	887,904
1998 Wedgewood Special Assessment Bonds	20,000	-	(5,000)	15,000
1985 USDA Mortgage Revenue Bonds	513,000	-	(15,000)	498,000
Total debt obligations	<u>\$ 2,796,563</u>	<u>\$ -</u>	<u>\$ (206,094)</u>	<u>\$ 2,590,469</u>

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2006, are as follows:

Year Ending December 31,	2004 Various Purpose General Obligation Bonds		2002 OWDA Wastewater Treatment Plant
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2007	\$ 40,000	\$ 30,100	\$ 11,646
2008	45,000	28,300	11,646
2009	45,000	26,276	11,646
2010	45,000	24,250	11,646
2011	50,000	22,224	11,646
2012 - 2016	280,000	74,952	58,230
2017 - 2021	130,000	9,750	58,230
2022 - 2023	-	-	17,461
Total	<u>\$ 635,000</u>	<u>\$ 215,852</u>	<u>\$ 192,151</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 5 - DEBT OBLIGATIONS - (Continued)

Year Ending December 31,	<u>Main Street Lighting Bond</u>		<u>1998 OWDA Sewer Loan</u>		<u>1994 OWDA Sewer Improvement Loan</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 22,772	\$ 4,273	\$ 23,950	\$ 3,328	\$ 16,662	\$ 7,506
2008	24,116	2,930	25,304	1,433	17,430	6,738
2009	25,538	1,507	-	-	18,234	5,934
2010	-	-	-	-	19,075	5,093
2011	-	-	-	-	19,954	4,214
2012 - 2015	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,379</u>	<u>7,206</u>
Total	<u>\$ 72,426</u>	<u>\$ 8,710</u>	<u>\$ 49,254</u>	<u>\$ 4,761</u>	<u>\$ 168,734</u>	<u>\$ 36,691</u>

Year Ending December 31,	<u>1994 OWDA Water Improvement Loan</u>		<u>Special Assessment Bond</u>		<u>1985 USDA Mortgage Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 40,595	\$ 51,942	\$ 5,000	\$ 1,230	\$ 16,000	\$ 24,900
2008	42,970	49,567	10,000	820	17,000	24,100
2009	45,483	47,054	-	-	18,000	23,250
2010	48,143	44,393	-	-	19,000	22,350
2011	50,960	41,577	-	-	20,000	21,400
2012 - 2016	303,165	159,521	-	-	115,000	91,000
2017 - 2021	356,588	59,830	-	-	147,000	59,200
2022 - 2025	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>146,000</u>	<u>18,650</u>
Total	<u>\$ 887,904</u>	<u>\$ 453,884</u>	<u>\$ 15,000</u>	<u>\$ 2,050</u>	<u>\$ 498,000</u>	<u>\$ 284,850</u>

Year Ending December 31,	<u>2005 Squad Note</u>	
	<u>Principal</u>	<u>Interest</u>
2007	12,000	1,141
2008	24,000	1,712
2009	24,000	951
2010	<u>12,000</u>	<u>190</u>
Total	<u>\$ 72,000</u>	<u>\$ 3,994</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 5 - DEBT OBLIGATIONS - (Continued)

Year Ending December 31,	Total	
	Principal	Interest
2007	\$ 188,625	\$ 124,420
2008	217,466	115,600
2009	187,901	104,972
2010	154,864	96,276
2011	152,560	89,415
2012 - 2016	833,774	332,679
2017 - 2021	691,818	128,780
2022 - 2025	<u>163,461</u>	<u>18,650</u>
Total	<u>\$ 2,590,469</u>	<u>\$ 1,010,792</u>

NOTE 6 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In prior years, the Village entered into a capitalized lease for a backhoe loader, a 1998 fire truck, a street sweeper and a two ton truck. The accompanying principal and interest payments are recognized within Special Revenue Funds capital outlay line item of \$69,454 and \$8,605 respectively, for 2006.

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

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2006:

Year Ending December 31,	Backhoe	Street Sweeper	Fire Truck
2007	\$ 11,297	\$ 19,658	\$ 32,923
2008	<u>11,297</u>	<u>-</u>	<u>32,923</u>
Total minimum lease payments	22,594	19,658	65,846
Less: amount representing interest	<u>(1,250)</u>	<u>(929)</u>	<u>(5,017)</u>
Present value minimum lease payments	<u>\$ 21,344</u>	<u>\$ 18,729</u>	<u>\$ 60,829</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

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

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

NOTE 7 - LOCAL INCOME TAX

This locally levied tax of 1.0% applies to gross salaries, wages, and other personal service compensation earned by residents both in and out of the Village, as well as earnings of nonresidents (except certain transients) earned within the Village. It also applies to the net income of business organizations located within the Village. Income tax receipts are credited to the Village's General Fund and amounted to \$533,140.

NOTE 8 - RETIREMENT SYSTEMS

Certain Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. The Village's Police, Fire and Emergency Medical Services employees belong to the Ohio Police & Fire Pension Fund (OP&F).

Contribution rates are also prescribed by the Ohio Revised Code. For 2006, OPERS members contributed 9.0% of their gross salaries. The Village contributed an amount equal to 13.70% of participants' gross salaries for the year ended December 31, 2006. The Village contributed an amount equal to 19.5% and 24.0% for police and fire for the year ended December 31, 2006. The Village has paid all contributions required under both plans through December 31, 2006.

NOTE 9 - RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 9 - RISK MANAGEMENT - (Continued)

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

NOTE 10 - INTERFUND TRANSACATIONS

The Village had the following interfund transactions for the year ended December 31, 2006:

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
GENERAL FUND	\$ -	\$ 196,000
<u>SPECIAL REVENUE FUNDS:</u>		
Street Construction, Maintenance & Repair	125,000	-
Fire Equipment Reserve	39,000	-
Recreation	7,000	-
Total Special Revenue Funds	<u>171,000</u>	<u>-</u>
<u>DEBT SERVICE FUNDS:</u>		
North Friendship Sewer Debt	9,000	-
Wedgewood Debt Fund	500	-
Rix Mills/South Friendship Debt	24,500	-
Total Debt Service Funds	<u>34,000</u>	<u>-</u>
<u>CAPITAL PROJECTS FUNDS:</u>		
Sewer Construction Fund	17,255	-
Total Capital Projects Funds	<u>17,255</u>	<u>-</u>
<u>ENTERPRISE FUNDS:</u>		
Sanitary Sewer Fund	-	71,905
Sewer Debt Fund	40,650	-
Wastewater Treatment Plant Reserve Fund	5,000	-
Total Enterprise Funds	<u>45,650</u>	<u>71,905</u>
Total	<u>\$ 267,905</u>	<u>\$ 267,905</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

NOTE 10 - INTERFUND TRANSACTIONS - (Continued)

The transfers from the General fund are to subsidize other funds activities. The transfer from the sanitary sewer fund is for the retirement of debt, debt reserve requirements and for sewer construction. The transfer from Village Building Improvements to Park Renovation is to create a new fund to provide sources for renovating the park.

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

NOTE 11 - CONTINGENT LIABILITY

LITIGATION

The Village is not currently involved in litigation.



Julian & Grube, Inc.
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**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

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

We have audited the financial statements of Village of New Concord, Muskingum County (the “Village”) as of and for the year ended December 31, 2006, and have issued our report thereon dated June 15, 2007, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village’s internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement or the Village’s financial statements that is more than inconsequential will not be prevented or detected by the Village’s internal control.

Members of Council and Mayor
Village of New Concord

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village of New Concord's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance whether Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the Village in a separate letter dated June 15, 2007.

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



Julian & Grube, Inc.
June 15, 2007



Mary Taylor, CPA
Auditor of State

VILLAGE OF NEW CONCORD

MUSKINGUM COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 16, 2007**