

**VILLAGE OF NEW ATHENS
HARRISON COUNTY**

AUDIT REPORT

JANUARY 1, 2013 - DECEMBER 31, 2014



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Village of New Athens, Harrison County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2013 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

November 3, 2015

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**VILLAGE OF NEW ATHENS
HARRISON COUNTY
JANUARY 1, 2013 - DECEMBER 31, 2014**

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

INDEPENDENT AUDITORS' REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of New Athens, Harrison County, as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility For the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code 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 opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code 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 accounting basis and GAAP are not reasonable determinable, we presume they are material.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of New Athens, Harrison County as of December 31, 2014 and 2013, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of New Athens, Harrison County as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated July 2, 2015, on our consideration of the Village of New Athens's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
July 2, 2015

**VILLAGE OF NEW ATHENS
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts				
Property Tax and Other Local Taxes	\$ 19,502	\$ 3,867	\$ -	\$ 23,369
Intergovernmental Receipts	19,228	18,994	-	38,222
Special Assessments			401,902	401,902
Fines, Licenses, and Permits	-	33,503	-	33,503
Earnings on Investments	18	9	-	27
Miscellaneous	3,972	3,000	-	6,972
Total Cash Receipts	<u>42,720</u>	<u>59,373</u>	<u>401,902</u>	<u>503,995</u>
Cash Disbursements				
Current:				
Security of Persons and Property	13,129	43,344	-	56,473
Transportation	-	27,112	-	27,112
General Government	13,832	-	-	13,832
Debt Service:				
Principal	-	4,745	-	4,745
Interest	-	266	-	266
Capital Outlay	-	-	401,902	401,902
Total Cash Disbursements	<u>26,961</u>	<u>75,467</u>	<u>401,902</u>	<u>504,330</u>
Excess of Receipts Over (Under) Disbursements	15,759	(16,094)	-	(335)
Other Financing Receipts/(Disbursements)				
Transfers-In	-	1,007	-	1,007
Transfers-Out	(1,007)	-	-	(1,007)
Advances In	2,000	-	-	2,000
Advances Out	-	(2,000)	-	(2,000)
Other Financing Sources	21,463	2,000	-	23,463
Other Financing Uses	(23,714)	-	-	(23,714)
Total Other Financing Receipts/(Disbursements)	<u>(1,258)</u>	<u>1,007</u>	<u>-</u>	<u>(251)</u>
Net Change in Fund Cash Balance	14,501	(15,087)	-	(586)
Fund Cash Balances, January 1, 2014	<u>5,030</u>	<u>24,590</u>	<u>-</u>	<u>29,620</u>
Fund Cash Balances, December 31, 2014				
Restricted	-	9,503	-	9,503
Unassigned (Deficit)	19,531	-	-	19,531
Fund Cash Balances, December 31, 2014	<u>\$ 19,531</u>	<u>\$ 9,503</u>	<u>\$ -</u>	<u>\$ 29,034</u>

See notes to financial statements.

**VILLAGE OF NEW ATHENS
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Proprietary
	Enterprise Fund
Operating Cash Receipts:	
Charges for Services	\$ 147,772
Total Operating Cash Receipts	147,772
Operating Cash Disbursements:	
Personal Services	22,180
Fringe Benefits	3,490
Contractual Services	6,170
Supplies and Materials	78,559
Total Operating Cash Disbursements	110,399
Operating Income/(Loss)	37,373
Non-Operating Cash Receipts (Disbursements):	
Capital Outlay	(2,343,270)
Special Assessments	15
Debt Proceeds	2,343,270
Redemption of Principal	(2,839,751)
Other Financing Sources	2,839,751
Other Financing Uses	(36,393)
Total Non-Operating Cash Receipts (Disbursements)	(36,378)
Net Receipts Over/(Under) Disbursements	995
Fund Cash Balances, January 1	27,428
Fund Cash Balances, December 31	\$ 28,423

See notes to financial statements.

**VILLAGE OF NEW ATHENS
HARRISON COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts			
Property Tax and Other Local Taxes	\$ 19,466	\$ 2,840	\$ 22,306
Intergovernmental Receipts	20,473	19,466	39,939
Fines, Licenses, and Permits	-	20,946	20,946
Earnings on Investments	41	8	49
Miscellaneous	2,392	-	2,392
Total Cash Receipts	<u>42,372</u>	<u>43,260</u>	<u>85,632</u>
Cash Disbursements			
Current:			
Security of Persons and Property	13,854	28,164	42,018
Transportation	-	18,107	18,107
Capital Outlay		23,933	23,933
General Government	18,166	-	18,166
Debt Service:			
Principal	-	4,612	4,612
Interest	-	451	451
Total Cash Disbursements	<u>32,020</u>	<u>75,267</u>	<u>107,287</u>
Excess of Receipts Over (Under) Disbursements	10,352	(32,007)	(21,655)
Other Financing Receipts/(Disbursements)			
Debt Proceeds	-	13,433	13,433
Other Financing Sources	431	14,000	14,431
Other Financing Uses	(16,234)	-	(16,234)
Total Other Financing Receipts/(Disbursements)	<u>(15,803)</u>	<u>27,433</u>	<u>11,630</u>
Net Change in Fund Cash Balance	(5,451)	(4,574)	(10,025)
Fund Cash Balances, January 1, 2013	<u>10,481</u>	<u>29,164</u>	<u>39,645</u>
Fund Cash Balances, December 31, 2013			
Restricted	-	24,590	24,590
Unassigned (Deficit)	5,030	-	5,030
Fund Cash Balances, December 31, 2013	<u>\$ 5,030</u>	<u>\$ 24,590</u>	<u>\$ 29,620</u>

See notes to financial statements.

**VILLAGE OF NEW ATHENS
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Proprietary
	Enterprise Fund
Operating Cash Receipts:	
Charges for Services	\$ 111,849
Total Operating Cash Receipts	111,849
Operating Cash Disbursements:	
Personal Services	221,208
Fringe Benefits	4,289
Contractual Services	18,607
Supplies and Materials	59,923
Total Operating Cash Disbursements	304,027
Operating Income/(Loss)	(192,178)
Non-Operating Cash Receipts (Disbursements):	
Capital Outlay	(203,712)
Special Assessments	203,200
Debt Proceeds	203,712
Redemption of Principal	(14,351)
Other Financing Uses	(51,961)
Total Non-Operating Cash Receipts (Disbursements)	136,888
Net Receipts Over/(Under) Disbursements	(55,290)
Fund Cash Balances, January 1	82,718
Fund Cash Balances, December 31	\$ 27,428

See notes to financial statements.

**VILLAGE OF NEW ATHENS
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

The Village participates in the Ohio Plan Risk Management public entity risk pool. Note 7 to the financial statements provides additional information for these entities. These organizations are:

Public Entity Risk Pool:

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

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

B. 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 Section 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 Section 117-2-03(D) permit.

C. Deposits and Investments

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

**VILLAGE OF NEW ATHENS
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

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

Governmental Funds

General Fund

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

Special Revenue Funds

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

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

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

Capital Project Funds

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

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

Enterprise Funds

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

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

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

E. 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

**VILLAGE OF NEW ATHENS
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

Estimated Resources

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

Encumbrances

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

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. Fund Balance

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

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.

**VILLAGE OF NEW ATHENS
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

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

H. 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2014	2013
Demand Deposits	\$ 57,457	\$ 57,048

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2014 and 2013 is as follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 51,500	\$ 64,183	\$ 12,683
Special Revenue	59,438	62,380	2,942
Capital Projects	19,177	401,902	382,725
Enterprise	128,990	5,330,808	5,201,818
Total	\$ 259,105	\$ 5,859,273	\$ 5,600,168

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 56,342	\$ 51,682	\$ 4,660
Special Revenue	80,333	75,467	4,866
Capital Projects	401,902	401,902	-
Enterprise	157,321	5,329,813	(5,172,492)
Total	\$ 695,898	\$ 5,858,864	\$ (5,162,966)

**VILLAGE OF NEW ATHENS
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013**

3. BUDGETARY ACTIVITY (Continued)

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 34,624	\$ 42,803	\$ 8,179
Special Revenue	30,292	70,693	40,401
Enterprise	200,412	518,761	318,349
Total	\$ 265,328	\$ 632,257	\$ 366,929

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 48,165	\$ 48,254	\$ (89)
Special Revenue	74,311	75,267	(956)
Enterprise	371,636	574,051	(202,415)
Total	\$ 494,112	\$ 697,572	\$ (203,460)

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

Contrary to ORC 5705.39, the Village had funds with appropriations greater than estimated resources in 2014 and 2013.

Contrary to ORC 5705.41(B), the Village had funds which expended more than appropriated in 2014 and 2013.

4. 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.

5. DEBT

Debt outstanding at December 31, 2014 was as follows:

	2014 Principal	%
Wesbanco-Cruiser loan	\$ 4,077	3.997
OPWC #CN809 Waterline project	2,187	0.000
OPWC #CN26A Wastewater plant	9,270	0.000
OPWC #CN27C Waterline project	24,432	0.000
Total	\$ 39,966	

**VILLAGE OF NEW ATHENS
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013**

5. DEBT (Continued)

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

The Ohio Public Works Commission (OPWC) Loan #CN809 relates to a water line construction project. The loan was issued in 1995 in the amount of \$87,499. The loan is for 20 years at a zero percent interest rate. The loan will be repaid in semi-annual installments. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

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

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

The Village received an OWDA loan for a Waste Water Treatment Plan Project estimated to cost \$3.2 million. As of December 31, 2014, \$2,830,184 has been disbursed. In 2011, the Village applied for project financing-principal forgiveness from the Water Pollution Control Loan Fund (WPCLF) and received 75% principal forgiveness financing. As of December 31, 2014 there was no loan balance due to be repaid.

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

Year	Wesbanco	OPWC #CN809	OPWC #CN26A	OPWC #CN27C
2015	\$ 4,151	\$ 2,187	\$ 2,318	\$ 2,874
2016	-	-	2,318	2,874
2017	-	-	2,317	2,874
2018	-	-	2,317	2,874
2019	-	-	-	2,874
2020-2024	-	-	-	10,062
Total	\$ 4,151	\$ 2,187	\$ 9,270	\$ 24,432

6. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.00% of participant's gross salaries. The Village has paid all contributions required through December 31, 2014.

**VILLAGE OF NEW ATHENS
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 and 2013**

7. RISK MANAGEMENT

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

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

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

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

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses of the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan’s property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 774 members as of December 31, 2012 and 2013, respectively.

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

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

The Pools audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2013 the latest information available.

	2012	2013
Assets	\$ 13,100,381	\$ 13,774,304
Liabilities	(6,687,193)	(7,968,395)
Retained Earnings	\$ 6,413,188	\$ 5,805,909

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

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

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

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

To the Village Council:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of New Athens, Harrison County as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated July 2, 2015, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Finding 2014-01 and Finding 2014-03 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of New Athens's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed two instances of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-02 and 2014-03.

Entity's Response to Finding

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

We noted certain matters not requiring inclusion in this report that we have reported to the management of the Village of New Athens in a separate letter dated July 2, 2015.

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 2, 2015

**VILLAGE OF NEW ATHENS
HARRISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

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

FINDING NUMBER 2014-01

Material Weakness-Transaction Posting

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

- In 2013, \$10,500 of Capital Outlay was incorrectly posted to the Special Revenue Fund as Operating Supplies and Materials disbursements. In addition, Capital Outlay and Other Financing Sources in the amount of \$13,433 were not posted to the Special Revenue Fund. These amounts were adjusted to the financial statements and accounting records.
- In 2014 and 2013, \$2,343,270 and \$203,712, respectively, of Capital Outlay disbursements, Debt Proceeds receipts, Redemption of Principal disbursements and Other Financing Sources receipts were not posted to the Enterprise Fund. These amounts were adjusted to the financial statements and accounting records.

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

Client Response: We received no response from client.

**VILLAGE OF NEW ATHENS
HARRISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

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

FINDING NUMBER 2014-02

Noncompliance

Ohio Revised Code Section 5705.39 states that total appropriations from each fund shall not exceed the total of estimated resources.

In 2014, based on tests performed, we noted the State Highway Fund, Capital Projects Fund and Enterprise-Water Fund had appropriations exceeding estimated resources by \$4, \$382,725 and \$10,760 respectively.

In 2013, based on tests performed, we noted the Police Fund and the Enterprise-Sewer Fund had appropriations exceeding estimated resources by \$14,450 and \$105,788 respectively.

Failure to monitor estimated resources and appropriations could result in the Village committing funds to be spent which are not available to spend.

We recommend the Village compare estimated resources to appropriations in all funds that are legally required to be budgeted, at the legal level of control, prior to making expenditure commitments, and make all necessary adjustments to ensure compliance with the above requirements.

Client Response: We received no response from client.

FINDING NUMBER 2014-03

Material Weakness – Noncompliance Expenditures exceeding Appropriations

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

Fund	Year	Appropriation Authority	Expenditures	Variance
Sewer Fund	2014	\$ 9,070	\$ 5,189,490	\$ (5,180,420)
General Fund	2013	48,165	48,254	(89)
Police Fund	2013	41,439	51,964	(10,525)
Sewer Fund	2013	203,200	406,475	(203,275)

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

Client Response: We received no response from client.

**VILLAGE OF NEW ATHENS
HARRISON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2014**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2012-01	Noncompliance ORC 5705.41 (D)-50 and 88 percent of expenditures tested were not certified prior to obligation.	No	Partially Corrected; Included in Management Letter
2012-02	Noncompliance ORC 5705.10 Advances were not approved.	Yes	Corrected.
2012-03	Noncompliance ORC 5705.41(B) Expenditures exceeded appropriations.	No	Repeated as Finding 2014-03
2012-04	Noncompliance/Material Weakness ORC 733.28 and OAC 117-2-02(A) Accounting records were not accurate or complete.	No	Repeated as Finding 2014-01

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Dave Yost • Auditor of State

VILLAGE OF NEW ATHENS

HARRISON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 17, 2015**