

Village of Newcomerstown
Tuscarawas County

Single Audit

For the Year Ended December 31, 2004

Regular Audit

For the Year Ended December 31, 2003



**Auditor of State
Betty Montgomery**

Village Council
Village of Newcomerstown
P.O. Box 151
Newcomerstown, OH 43832-0151

We have reviewed the *Independent Accountants' Report* of the Village of Newcomerstown, Tuscarawas County, prepared by Knox & Knox, CPAs, for the audit period January 1, 2003 through December 31, 2004. 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 Accountants' 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 Accountants' 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 Newcomerstown is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

September 13, 2005

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Village of Newcomerstown
Tuscarawas County

Table of Contents

<u>Title</u>	<u>Page</u>
Independent Accountants' Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Similar Fiduciary Fund Types for the Year Ended December 31, 2004.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Similar Fiduciary Fund Types for the Year Ended December 31, 2003.....	4
Statements of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Enterprise Funds for the Years Ended December 31, 2004 and 2003.....	5
Notes to the Financial Statements.....	7
Schedule of Federal Awards Expenditures.....	13
Notes to the Schedule of Federal Awards Expenditures.....	14
Independent Accountants' Report on Compliance and on Internal Control Required by Government Auditing Standards.....	15
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal program and Internal control over Compliance in Accordance with OMB Circular A -133.....	17
Schedule of Findings.....	19
Schedule of Prior Audit Findings	20

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Independent Accountants' Report

Village of Newcomerstown
Tuscarawas County
124 West Church Street
Newcomerstown, OH 43832

We have audited the accompanying financial statements of the Village of Newcomerstown, Tuscarawas County, Ohio , as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Village of Newcomerstown'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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, if any, 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 described more fully in Note 1, the Village of Newcomerstown has prepared its financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Newcomerstown, Tuscarawas County combined funds as of December 31, 2004 and 2003, and their changes in financial position.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Newcomerstown, Tuscarawas County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements and reserves for encumbrances for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2005, on our consideration of the Village of Newcomerstown's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

We conducted our audit to opine on the financial statements that collectively comprise the Village of Newcomerstown's financial statements. The federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the financial statements. In our opinion, this information is fairly stated in all material respects and in relation to the financial statements taken as a whole.

Knox & Knox

Orrville, Ohio
July 18, 2005

VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
Property Tax and Other Local Taxes	\$838,022	\$385,215	\$ 537		\$1,223,774
Intergovernmental	235,566	454,607	10,000		700,173
Charges for Services	788	54,830	2,695	3,428	61,741
Fines, Licenses, and Permits	31,327	648			31,975
Earnings on Investments	25,461				25,461
Miscellaneous	16,687	7,507	1,074	1,338	26,606
Total Cash Receipts	1,147,851	902,807	14,306	4,766	2,069,730
Cash Disbursements:					
Current:					
Security of Persons and Property	578,561	44,191			622,752
Public Health Services	3,009			255	3,264
Leisure Time Activities		41,317			41,317
Basic Utility	4,869				4,869
Transportation	20,022	1,075,622			1,095,644
General Government	331,089				331,089
Debt Service	66,264				66,264
Capital Outlay	9,370	582	15,287	1,372	26,611
Total Cash Disbursements	1,013,184	1,161,712	15,287	1,627	2,191,810
Total Receipts Over/(Under) Disbursements	134,667	< 258,905>	< 981>	3,139	< 122,080>
Other Financing Receipts and (Disbursements):					
Transfers-In		115,500			115,500
Transfers-Out	< 115,500>				<115,500>
Other Financing Uses	< 480>				< 480>
Total Other Financing Receipts/(Disburse- ments)	< 115,980>	115,500	-0-		< 480>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Dis- bursements and Other Financing Disbursements					
	18,687	<143,405>	< 981>	3,139	<122,560>
Fund Cash Balances, January 1	150,004	854,687	24,631	47,602	1,076,924
Fund Cash Balances, December 31	\$ 168,691	\$711,282	\$ 23,650	\$ 50,741	\$ 954,364
Reserves for Encumbrances, December 31	\$ 11,808	\$ 2,774	\$ -0-	\$ -0-	\$ 14,582

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

VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY
FUND TYPES FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Governmental Fund Types</u>			<u>Fiduciary</u> <u>Fund Type</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>Capital</u> <u>Projects</u>	<u>Expendable</u> <u>Trust</u>	
Cash Receipts:					
Property Tax and Other					
Local Taxes	\$843,657	\$386,331	\$ 11,074	\$ 0	\$1,241,062
Intergovernmental Receipts	244,465	379,025			623,490
Charges for Services	1,113	48,446			49,559
Fines, License, and Permits	20,233	455	2,655	2,308	25,651
Earnings on Investments	24,469	280			24,749
Miscellaneous	<u>17,708</u>	<u>2,997</u>	<u>16,005</u>	<u>1,353</u>	<u>38,063</u>
Total Cash Receipts	<u>1,151,645</u>	<u>817,534</u>	<u>29,734</u>	<u>3,661</u>	<u>2,002,574</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	599,089	46,301			645,390
Public Health Services	3,892	87,662		885	92,439
Leisure Time Activities	100	46,542			46,642
Transportation	84,231	842,406			926,637
General Government	293,513				293,513
Debt Service	96,860				96,860
Capital Outlay			<u>28,299</u>		<u>28,299</u>
Total Cash Disbursements	<u>1,077,685</u>	<u>1,022,911</u>	<u>28,299</u>	<u>885</u>	<u>2,129,780</u>
Total Receipts Over/(Under) Disbursements	<u>73,960</u>	<u>< 205,377 ></u>	<u>1,435</u>	<u>2,776</u>	<u>< 127,206 ></u>
Other Financing Receipts and (Disbursements):					
Transfers-In		108,000			108,000
Transfers-Out	<u>< 108,000 ></u>				<u>< 108,000 ></u>
Other sources	<u>434</u>	<u>70</u>			<u>504</u>
Total Other Financing Receipts/(Disbursements)	<u>< 107,566 ></u>	<u>108,070</u>	<u>-0-</u>	<u>-0-</u>	<u>504</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>< 33,606 ></u>	<u>< 97,307 ></u>	<u>1,435</u>	<u>2,776</u>	<u>< 126,702 ></u>
Fund Cash Balances, January 1	<u>183,610</u>	<u>951,994</u>	<u>23,196</u>	<u>44,826</u>	<u>1,203,626</u>
Fund Cash Balances, December 31	<u>\$ 150,004</u>	<u>\$854,687</u>	<u>\$ 24,631</u>	<u>\$ 47,602</u>	<u>\$1,076,924</u>
Reserves for Encumbrances, December 31	<u>\$ 1,128</u>	<u>\$ 11,448</u>	<u>\$ 450</u>	<u>\$ -0-</u>	<u>\$ 13,026</u>

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

VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES -ENTERPRISE FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Operating Cash Receipts:		
Charges for Services	\$ 949,540	\$ 985,477
Miscellaneous	<u>13,229</u>	<u>30,465</u>
Total Operating Cash Receipts	<u>962,769</u>	<u>1,015,942</u>
Operating Cash Disbursements:		
Personal Services	485,205	484,300
Travel Transportation	103	256
Contractual Services	257,510	309,137
Supplies and Materials	149,452	95,352
Capital Outlay	<u>4,360,012</u>	<u>50,467</u>
Total Operating Cash Dis- bursements	<u>5,252,282</u>	<u>939,512</u>
Operating Income/(Loss)	<u><4,289,513></u>	<u>76,430</u>
Non-Operating Cash Receipts:		
Miscellaneous	17,500	
Other Sources	4,050,518	219,871
Local Taxes	<u>386,636</u>	<u>359,809</u>
Total Non-Operating Cash Receipts	<u>4,454,654</u>	<u>579,680</u>
Non-Operating Cash Disbursements:		
Debt Service	<u>< 154,202></u>	<u>< 166,702></u>
Net Receipts Over Disbursements	10,939	489,408
Fund Cash Balances, January 1	<u>1,169,549</u>	<u>680,141</u>
Fund Cash Balances, December 31	<u>\$1,180,488</u>	<u>\$1,169,549</u>
Reserves for Encumbrances, December 31	<u>\$ 15,441</u>	<u>\$ 86,747</u>

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

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VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 and 2003

1. Summary of Significant Accounting Policies

A. Description of the Entity

Village of Newcomerstown, Tuscarawas County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), maintenance of Village roads and the Village cemetery, and fire and police protection.

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 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. Cash and Investments

The Village maintains all cash in an interest bearing checking account, certificates of deposit, and repurchase agreements which are valued at cost.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. 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 construction, maintaining, and repairing Village streets.

Street Levy Fund - This fund is used to account for proceeds from a special street levy for street improvements.

Cemetery Fund - This fund is used to account for charges for services for the sale of cemetery lots, interments, and foundations.

Park Fund - This fund is used to account for charges for services for the operation and maintenance of the Village swimming pool and park.

Police Pension Trust Fund - This fund is used to account for police pension contributions which are subsequently remitted to the Ohio Police and Fire Pension Fund.

VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 and 2003

1. Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)

3. Capital Project 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 funds:

Cy Young Park Improvement Fund - This fund is used to account for funds received for the park.

4. Fiduciary Fund (Trust)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Village had the following significant Fiduciary Fund:

Cemetery Expendable Trust Fund - This fund is used to account for a bequest to the Village for maintenance of a family grave site.

5. 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 is used to account for charges for services to cover the cost of providing this utility.

Sewer Fund - This fund is used to account for charges for services to cover the cost of providing the utility.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of, and appropriations may not exceed estimated resources. The 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.

2. Estimated Resources

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

VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 and 2003

1. Summary of Significant Accounting Policies (continued)

E. Budgetary Process (continued)

3. 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 2004 and 2003 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. Equity in Pooled Cash and Investments

The Village maintains a cash 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>2004</u>	<u>2003</u>
Demand deposits	\$ 1,016	\$ 638,529
Certificates of deposits	1,637,098	1,607,354
Cash on hand	<u>590</u>	<u>590</u>
Total deposits	\$1,638,704	\$2,246,473
Repurchase agreement	<u>496,148</u>	_____
Total deposits and investments	<u>\$2,134,852</u>	<u>\$2,246,473</u>

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

3. Budgetary Activity

Budget activity for the years ended December 31, 2004 and 2003 follows:

	<u>2004 Budgeted vs. Actual Receipts</u>		
<u>Fund Type</u>	<u>Budgeted</u> <u>Receipts</u>	<u>Actual</u> <u>Receipts</u>	<u>Variance</u>
General	\$1,170,889	\$1,147,851	< \$23,038>
Special Revenue	1,002,225	1,018,307	16,082
Capital Projects	15,025	14,305	< 720>
Expendable Trust	4,475	4,766	291
Enterprise	<u>4,969,400</u>	<u>5,417,423</u>	<u>448,023</u>
Total	<u>\$7,162,014</u>	<u>\$ 7,602,652</u>	<u>\$ 440,638</u>

VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 and 2003

3. Budgetary Activity (continued)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation	Budgetary	Variance
	Authority	Expenditures	
General	\$1,320,892	\$1,140,972	\$179,920
Special Revenue	1,680,423	1,164,486	515,937
Capital Projects	38,600	15,287	23,313
Expendable Trust	50,400	1,627	48,773
Enterprise	<u>5,761,047</u>	<u>5,421,925</u>	<u>339,122</u>
Total	<u>\$8,851,362</u>	<u>\$ 7,744,297</u>	<u>\$1,107,065</u>

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted	Actual	Variance
	Receipts	Receipts	
General	\$1,177,125	\$1,152,079	< \$25,046>
Special Revenue	765,200	925,604	160,404
Capital Projects	34,574	29,734	< 4,840>
Expendable Trust	4,800	3,661	< 1,139>
Enterprise	<u>1,446,450</u>	<u>1,595,623</u>	<u>149,173</u>
Total	<u>\$3,428,149</u>	<u>\$3,706,701</u>	<u>\$ 278,552</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation	Budgetary	Variance
	Authority	Expenditures	
General	\$1,299,375	\$1,186,813	\$ 112,562
Special Revenue	1,608,311	1,034,359	573,952
Capital Projects	43,175	28,749	14,426
Expendable Trust	49,600	885	48,715
Enterprise	<u>2,014,443</u>	<u>1,192,961</u>	<u>821,482</u>
Total	<u>\$5,014,904</u>	<u>\$3,443,767</u>	<u>\$1,571,137</u>

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. 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. Payments are due to the County by December 31. If the property owner elects to make semiannual payments for first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owner, 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 NEWCOMERSTOWN
TUSCARAWAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 and 2003

5. Local Income Tax

The Village levies a municipal income tax of 2 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

6. Debt

Debt outstanding at December 31, 2004 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan No. 3529	\$1,074,466	2.00%
Ohio Water Development Authority Loan No. 2829	1,129,865	2.00%
Ohio Water Development Authority Loan No. 3978	3,076,597	1.00%
Ohio Public Works Commission (2)	307,891	-0-
Total	\$5,588,819	

OWDA loans No. 2829 and No. 3529 relate to the construction of the Water Treatment Plant. These loans will be repaid in annual installments over 25 years. OWDA loan (No. 3978) is related to improvement cost of the Water Treatment Plant and will be repaid in semiannual installments over 20 years. Two loans from the Ohio Public Works Commission are for street improvements to be repaid in semi-annual installments of \$3,891 and \$6,113 over 16 and 15 years, respectively.

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

Year ending December 31:	OWDA	OPWC
2005	\$ 300,658	\$ 6,113
2006	300,658	20,007
2007	300,658	20,007
2008	300,658	20,007
2009	300,658	20,007
Subsequent	4,495,547	221,750
Total	\$5,998,837	\$ 307,891

7. Risk Management

The Village has obtained commercial insurance for the following risks:

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

The Village also provides health insurance and vision coverage to full-time employees through a private carrier.

VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 and 2003

8. Jointly Governed Organizations

- A. The Village is associated with the Tuscarawas County Regional Planning Commission as a Jointly Governed Organization. The Commission is a statutorily, created political subdivision of the State. The Commission is jointly governed among Tuscarawas' municipalities and townships. Each member's control over the operation of the Commission is limited to its representation on the Board. The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economical and governmental characteristics, functions and services of the county.
- B. The Tuscarawas County Tax Incentive Review Council (Council) is a jointly governed organization, created as a regional council of governments pursuant to State statutes. The Council has 22 members, consisting of three members appointed by the Tuscarawas County Commissioners, four members appointed by municipal corporations and six members appointed by boards of education located within the County. The Council reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the Council can make written recommendations to the legislative authority which approved the agreement. There is no cost associated with being a member of the Council. The continued existence of the Council is not dependent upon the Village's continued participation and no measurable equity interest exists.

9. Retirement Systems

The Village's law enforcement officers and firefighters belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, are survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant and 24% of fire participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2004 and 2003. The Village has paid all contributions required through December 31, 2004.

10. Contingent Liabilities

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Noncash Receipts</u>	<u>Disbursements</u>	<u>Noncash Disbursements</u>
U.S. Department of Commerce EDA - Public Works	N/A	11.300	<u>\$1,001,080</u>	N/A	<u>\$1,001,080</u>	N/A
Total Federal Awards Receipts and Expenditures			<u>\$1,001,080</u>		<u>\$1,001,080</u>	

The notes to the Schedule of Federal Award Expenditures are an integral part of this statement.

VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR DECEMBER 31, 2004

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) is a summary of the Village of Newcomerstown's federal award programs. The Schedule has been prepared on the cash basis of accounting.

N/A - Not Applicable

CFDA - Catalog of Federal Domestic Assistance

Accountants and Consultants

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Newcomerstown
Tuscarawas County
124 West Church Street
Newcomerstown, OH 43832

We have audited the accompanying financial statements of the Village of Newcomerstown as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated July 18, 2005, 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 audits, we considered the Village of Newcomerstown's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted matters involving the internal control over financial reporting that did not require inclusion in this report, that we have reported to the management of the Village of Newcomerstown in a separate letter dated July 18, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Newcomerstown'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 that are required to be reported under *Government Auditing Standards*.

Village of Newcomerstown
Tuscarawas County
Independent Accountants' Report on
Compliance and on Internal Control
Page 2

This report is intended for the information and use of the audit committee, management, and the Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

Knox & Knox

Orrville, Ohio
July 18, 2005

Accountants and Consultants

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Village of Newcomerstown
Tuscarawas County
124 West Church
Newcomerstown, Ohio 43832

To the Village Council:

Compliance

We have audited the compliance of the Village of Newcomerstown, Tuscarawas County, Ohio (the Village), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2004. The Village's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contract and grants applicable to its major federal program is the responsibility of the Village of Newcomerstown's management. Our responsibility is to express an opinion on the Village of Newcomerstown's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village of Newcomerstown's compliance with those requirements.

In our opinion, the Village of Newcomerstown complied, in all material respects with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2004.

Internal Control Over Compliance

The management of the Village of Newcomerstown is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Village of Newcomerstown's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management, the Village Council, and the federal awarding agency, and is not intended to be and should not be used by anyone other than these specified parties.

KNOX & KNOX

Orrville, Ohio
July 18, 2005

**VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 Sect.505
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004**

1. SUMMARY OF AUDITOR'S RESULTS		
(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under Sect. 510?	No
(d)(1)(vii)	Major programs (list):	EDA Public Works, CFDA #11.300
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

NONE

3. FINDINGS FOR FEDERAL AWARDS

NONE

VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004 AND 2003

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2002-31279-001	Ohio Revised Code 5705.41 (B) - Expenditures exceeded appropriations.	YES	
2002 -31279-002	Ohio Revised Code Section 5705.10 - Monies used only for purpose of established fund.	YES	



**Auditor of State
Betty Montgomery**

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800-282-0370
Facsimile 614-466-4490

**VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS 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
SEPTEMBER 27, 2005**