

***VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY, OHIO***

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2008

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA

Auditor of State

Members of Council
Village of Newcomerstown
124 West Church Street
Newcomerstown, Ohio 43832

We have reviewed the *Report of Independent Accountants* of the Village of Newcomerstown, Tuscarawas County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2008 through December 31, 2008. 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 *Report of Independent Accountants* 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 *Report of Independent Accountants* 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 25, 2009

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**VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY
For Years Ending December 31, 2008**

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Newcomerstown
Tuscarawas County
124 W. Church St.
Newcomerstown, Ohio 43832-1108

To Village Council:

We have audited the accompanying financial statements of the Village of Newcomerstown, Tuscarawas County (the Village), as of and for the year ended December 31, 2008. 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 described more fully in Note 1, the Village has prepared these 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 (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances 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, 2008. Instead of the combined funds the accompanying financial statements present for 2008, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2008. 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 the 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, 2008, 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, 2008, or its changes in financial position or cash flows for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2008, and its cash receipts and disbursements and changes in fund cash balances for the year then ended on the accounting basis Note 1 describes.

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, 2008. 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 16, 2009, 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 do not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal controls 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.

Charles E. Harris & Associates, Inc.

June 16, 2009

VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Receipts:				
Property and Other Local Taxes	\$ 138,705	\$ 16,104	\$ 859	\$ 155,668
Municipal Income Taxes	768,984	389,490	10,000	1,168,474
Intergovernmental	871,578	188,089	-	1,059,667
Charges for Services	562	49,419	2,520	52,501
Fines, Licenses and Permits	11,580	1,199	-	12,779
Interest	59,708	340	-	60,048
Other	13,783	27,284	1,104	42,171
Total Receipts	1,864,900	671,925	14,483	2,551,308
Disbursements:				
Security of Persons & Property	693,792	49,968	-	743,760
Public Health Services	1,836	119,208	-	121,044
Leisure Time Activities	-	62,650	-	62,650
Basic Utility Services	1,839	-	-	1,839
Transportation	5,807	1,116,967	-	1,122,774
General Government	1,310,885	-	-	1,310,885
Capital Outlay	-	7,315	57,538	64,853
Debt Service				
Principal Reduction	-	20,007	-	20,007
Total Disbursements	2,014,159	1,376,115	57,538	3,447,812
Receipts over(under) disbursements	(149,259)	(704,190)	(43,055)	(896,504)
Other Financing Sources(Uses)				
Sale of Fixed Assets	574	-	-	574
Transfers in	-	160,000	14,600	174,600
Transfers out	(174,600)	-	-	(174,600)
Total Other Financing Sources(Uses)	(174,026)	160,000	14,600	574
Excess of Cash Receipts and Other Financing Sources Over / (Under) Cash Disbursements and Other Financing Uses	(323,285)	(544,190)	(28,455)	(895,930)
Fund Balance 1/1/2008	472,239	1,226,313	35,257	1,733,809
Fund Balance 12/31/2008	\$ 148,954	\$ 682,123	\$ 6,802	\$ 837,879
Reserve for Encumbrances, 12/31/2008	\$ 533	\$ 1,099	\$ -	\$ 1,632

See accompanying Notes to the Financial Statements.

VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
BALANCES - ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 913,334
Total Operating Cash Receipts	913,334
Operating Cash Disbursements:	
Personal Services	555,889
Contractual Services	212,912
Supplies and Materials	119,397
Capital Outlay	598
Miscellaneous	316
Total Operating Cash Disbursements	889,112
Operating Income (Loss)	24,222
Non-Operating Cash Receipts/(Disbursements)	
Municipal Income Taxes	417,324
Other	16
Debt Service:	
Principal Payment	(294,515)
Interest and Other Fiscal Charges	(74,529)
Total Non-Operating Cash Receipts/(Disbursements)	48,296
Net Receipts (Under) Disbursements	72,518
Fund Cash Balances, January 1, 2008	1,297,293
Fund Cash Balances, December 31, 2008	\$ 1,369,811
Reserve for Encumbrances, 12/31/2008	\$ 2,752

See accompanying Notes to the Financial Statements.

**VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of Newcomerstown, (the Village) is a body corporate and politic 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 is directed by a publicly-elected, six-member Council. The Village provides general governmental services, including water and sewer utilities, police services and fire services and park services.

The Village's management believes these financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

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 disbursement 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.)

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

C. CASH AND INVESTMENTS

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost.

D. FUND ACCOUNTING

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

**VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

D. FUND ACCOUNTING – (continued)

Special Revenue Funds: To account for the proceeds of specific revenue sources (other than trusts or capital projects) that are legally restricted to disbursements for specified purposes. The Village has 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.

Street Levy Fund – This fund receives income taxes and utilizes these funds to maintain and repair Village streets.

Cemetery Fund – This fund is used to account for charges 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 Fund – this fund is used to account for police pension contributions which are ultimately remitted to the Ohio Police and Fire Pension Fund.

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 or trust funds). The Village had the following significant Capital Projects fund:

Other Capital Projects Fund – This fund receives income taxes and utilizes these funds to construct capital projects.

Proprietary Fund Types:

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

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

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

**VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

D. FUND ACCOUNTING – (continued)

Ohio Water Development Authority Fund – This fund receives loan proceeds from the Ohio Water Development Authority to finance a utility plant expansion. This loan will be repaid from a utility surcharge, also accounted for in this fund.

E. BUDGETARY PROCESS

1. Estimated Resources

The county auditor calculates the estimated revenues available to the Village. He prepares a certificate of estimated resources based upon this calculation and upon other financial information supplied in the budget sent by the Village. The certificate is approved by the county budget commission and sent to the Village.

Prior to December 31, the Village must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Clerk/Treasurer sends the county auditor a certificate to which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Clerk/Treasurer. The amounts reported in Note 5 reflect the amounts in the final amended certificates issued during 2008.

Budget receipts, as shown in Note 5, do not include the unencumbered fund balances as of January 1, 2008. However, those fund balances are available for appropriation.

2. Appropriations

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

The legal level of budgetary control is at the fund, function and object level in all funds. Any budgetary modifications at this level may only be made by ordinance of the Village Council.

**VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

E. BUDGETARY PROCESS – (continued)

3. Encumbrances

The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Unencumbered appropriations lapse at year-end.

Encumbered appropriations are carried forward to the succeeding fiscal year without being re-appropriated. In Note 5, encumbrances are added to budgetary expenditures and compared to current year appropriations plus prior year carry-over appropriations.

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. Unpaid Vacation and Sick Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid vacation and sick leave are not reflected as liabilities on the accompanying financial statements.

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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:

Petty Cash	\$ 715
Demand Deposits	266,772
Certificates of Deposits	<u>1,940,203</u>
Total	<u>\$ 2,207,690</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation; (2) collateralized by securities specifically pledged by the financial institution to the Township or (3) collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2008**

3. PROPERTY TAXES

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Village by the State of Ohio.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost.

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

4. LOCAL INCOME TAX

The Village levies a municipal income tax of two (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.

5. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2008 follows:

2008 Budgeted Versus Actual Receipts

Fund Types	Budgeted Receipts	Actual Receipts	Variance
General	\$1,991,296	\$1,865,474	\$(125,822)
Special Revenue	828,775	831,925	3,150
Capital Projects	29,550	29,083	(467)
Enterprise	1,358,400	1,330,674	(27,726)

2008 Budgeted Versus Actual Budgetary Expenditures

Fund Types	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,457,925	\$2,189,292	\$268,633
Special Revenue	1,963,550	1,377,214	587,435
Capital Projects	63,950	57,538	6,412
Enterprise	2,638,500	1,260,908	1,377,592

**VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2008**

6. DEBT

Debt outstanding at December 31, 2008 was as follows:

	Balance December 31, 2008
OPWC – 0%	\$ 284,506
OWDA – 1-2%	<u>5,143,383</u>
Total	<u>\$ 5,427,889</u>

OWDA balance at December 31, 2007 per the previous audit report was \$5,683,772. This amount was overstated by \$248,125.

The Ohio Water Development Authority (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 improvements made to the Water Treatment Plant and will be repaid in semi-annual payments over 20 years. OWDA Loan No. 4671 relates to a pump station.

Two loans from the Ohio Public Works Commission are for street improvements to be repaid in semi-annual installments over 16 and 15 years respectively. A third loan from the Ohio Public Works Commission is for a pump station and will be repaid in semi-annual installments over 20 years.

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2008 are as follows:

Year ending December 31	OWDA Principal	OWDA Interest	OPWC Principal	
2009	\$ 147,530	\$ 34,194	\$ 22,257	
2010	297,734	65,704	22,257	
2011	301,739	61,688	22,257	
2012	305,805	57,612	22,257	
2013	309,935	53,472	22,257	
2014-2018	1,613,815	203,031	111,285	
2019-2023	1,610,359	81,543	52,936	
2024-2028	<u>556,466</u>	<u>11,983</u>	<u>9,000</u>	
Total	<u>\$5,143,383</u>	<u>\$569,227</u>	<u>\$284,506</u>	

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

**VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2008**

7. RISK MANAGEMENT – (continued)

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

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

8. RETIREMENT SYSTEM

The Ohio Public Employees Retirement System (OPERS) is a state operated, cost sharing, multiple employer public employee retirement system. OPERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. OPERS also provides survivor and disability benefits to vested employees.

Contributions rates are prescribed by the Ohio Revised Code. During 2008, the Village's OPERS members contributed 10 % of their gross salaries. The Village contributed an amount equal to 14% for 2008 of participant's gross salaries. The Village has paid all contributions required through December 31, 2008.

9. INTERFUND TRANSFERS

During 2007 the Village made the following transfers:

Fund	Transfers In	Transfers Out
General Fund	\$ -0-	\$ 174,600
Special Revenue Funds:		
Cemetery Fund	90,000	-0-
Police Pension Fund	25,000	-0-
Park Fund	45,000	-0-
Capital Projects Fund:		
OWDA Loan Fund	14,600	-0-
Total	<u>\$ 174,600</u>	<u>\$ 174,600</u>

The transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2008**

10. 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 County 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 Control (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 a written recommendation 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 interests exist.

11. CONTINGENT LIABILITIES

Management believes there are no pending claims or lawsuits.

12. BUDGETARY NONCOMPLIANCE

Contrary to **Ohio Rev. Code Section 5705.36**, the Village did not request an amended certificate of resources when it was determined that collections would be less than the budgeted amount.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Newcomerstown
Tuscarawas County
124 W. Church St.
Newcomerstown, Ohio 43832-1108

To the Village Council:

We have audited the financial statements of the Village of Newcomerstown, Tuscarawas County (the Village) as of and for the year ended December 31, 2008, and have issued our report thereon dated June 16, 2009, 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 Controls 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 opinions 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 functions, 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 of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control. We consider the deficiency described in the accompanying schedule of findings, item 2008-VNTC-001 to be a significant deficiency in internal control over financial reporting.

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'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. However, we do not believe the significant deficiencies described above to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item number 2008-VNTC-002.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

We noted certain matters that we have reported to management of the Village in a separate letter dated June 16, 2009.

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

Charles E. Harris & Associates, Inc.
June 16, 2009

**VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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**FINDING NUMBER 2008-VNTC-001
Significant Deficiency**

Incorrect Accounting Transactions

During the audit of the Village's financial records for the year ended December 31, 2008, we noted several transactions, payments for debt service, were incorrectly reported in the annual financial report. The financial statements have been adjusted to present the accounting information correctly and the Village has agreed with the required reclassifications. Below is a description of the erroneous accounting transactions:

- During 2008 the Village reported debt service payments as transportation disbursements.

We recommend that consideration be given to analyzing the nature of transactions occurring during the normal course of business to ensure that they are posted to the proper accounts. We recommend further that all entries be reviewed and approved by Village Council, monthly.

Management Response:

The Fiscal Officer will closely review all transactions to ensure that each is properly recorded to the correct fund and account.

**FINDING NUMBER 2008-VNTC-002
Noncompliance Citation**

Ohio Revised Code Section 5705.36 allows subdivisions to request increased amended certificates of estimated resources and reduced amended certificates of estimated resources upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

The total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources or the amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriation.

The following funds had actual revenues which were less than budgeted revenues in the following amounts at December 31:

**VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS – (Continued)
DECEMBER 31, 2008**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)**

FINDING NUMBER 2008-VNTC-002 – (continued)

	2008
General Fund	\$ (125,801)
Special Revenue Funds:	
State Highway Fund	(560)
Cemetery Fund	(451)
Parks and Recreation Fund	(220)
Law Enforcement Trust	(941)
Police Disability Pension	(1,579)
Proprietary Funds:	
Water Operating Fund	(18,812)
Sewer Operating Fund	(33,698)
Water Well Fund	(7,250)

By not amending its certificate of estimated resources, the Village cannot make reasonable decisions regarding the monies it has available for appropriation and expenditure. The Village Council should monitor its budgeted revenues versus its actual revenues throughout the year and amend its certificate of estimated resources accordingly.

Management Response:

The Fiscal Officer will review budgetary requirements and implement as necessary.

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, for the year ending December 31, 2007, reported no material citations or recommendations.



Mary Taylor, CPA
Auditor of State

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 8, 2009