

***NEWCOMERSTOWN COMMUNITY IMPROVEMENT
CORPORATION***

TUSCARAWAS, OHIO

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2012 & 2011





Dave Yost • Auditor of State

Board of Directors
Newcomerstown Community Improvement Corporation
P.O. Box 87
Newcomerstown, Ohio 43832

We have reviewed the *Independent Auditor's Report* of the Newcomerstown Community Improvement Corporation, Tuscarawas County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2011 through December 31, 2012. 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 Newcomerstown Community Improvement Corporation is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

June 10, 2013

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**NEWCOMERSTOWN COMMUNITY IMPROVEMENT CORPORATION
TUSCARAWAS COUNTY
Audit Report
For the Years Ended December 31, 2012 and 2011**

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

INDEPENDENT AUDITOR'S REPORT

Newcomerstown Community Improvement Corporation
Tuscarawas County
P.O. Box 87
Newcomerstown, Ohio 43832

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Newcomerstown Community Improvement Corporation, Tuscarawas County, Ohio (the Corporation), as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 Corporation'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 Corporation's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Newcomerstown Community Improvement Corporation, Tuscarawas County, Ohio, as of December 31, 2012 and 2011, and the results of its operations and cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2013, on our consideration of the Corporation'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 Corporation's internal control over financial reporting and compliance.

Charles Harris Associates

Charles E. Harris & Associates, Inc.
May 7, 2013

NEWCOMERSTOWN COMMUNITY IMPROVEMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
December 31, 2012 and 2011

	2012	2011
ASSETS		
CURRENT ASSETS:		
Cash:		
Checking - Huntington National Bank	\$452,664	\$22,798
Checking - Chase Bank	442	462
Money Market - Huntington National Bank	10,330	10,326
Certificate of Deposit - Huntington National Bank	47,303	46,833
Certificate of Deposit - Chase Bank	33,907	33,723
Total Cash	544,646	114,142
PROPERTY AND EQUIPMENT:		
Land	2,245,066	2,245,066
Total Assets	\$ 2,789,712	\$ 2,359,208
LIABILITIES:		
Current:		
Accrued Interest	\$671,511	\$709,026
Long-term Liabilities		
Note Payable-Tuscarawas County	2,200,000	2,200,000
NET ASSETS:		
Unrestricted Net Assets		
Operating	(81,799)	(549,818)
Total Liabilities and Net Assets	\$2,789,712	\$2,359,208

See accompanying notes to the financial statements

NEWCOMERSTOWN COMMUNITY IMPROVEMENT CORPORATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Revenues:		
Interest Income	\$658	\$985
House Rental Income	6,325	10,600
Farm Rental Income	37,515	60,165
Royalty Income	1,629	1,780
Lease Income	429,713	-
Refunds	120	-
	<u>475,960</u>	<u>73,530</u>
Expenses:		
Advertising	1,070	-
Audit Fees	-	2,530
Bank Charges	59	40
Donations	-	1,053
Insurance	-	952
Meetings	75	-
Mowing and Maintenance	370	466
Postage	70	70
Real Estate Taxes	4,377	4,024
Rent	1,220	500
Repairs	365	-
Website Development and Hosting	335	60
	<u>7,941</u>	<u>9,695</u>
Change in Net Assets	468,019	63,835
Net Assets at Beginning of Year	<u>(549,818)</u>	<u>(613,653)</u>
Net Assets at End of Year	<u>\$ (81,799)</u>	<u>\$ (549,818)</u>

NEWCOMERSTOWN COMMUNITY IMPROVEMENT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$468,019	\$63,835
Increase (Decrease) in Accrued Interest	<u>(37,515)</u>	<u>(60,165)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>430,504</u>	<u>3,670</u>
NET INCREASE IN CASH	430,504	3,670
CASH - BEGINNING OF YEAR	<u>114,142</u>	<u>110,472</u>
CASH - END OF YEAR	<u><u>\$544,646</u></u>	<u><u>\$114,142</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash Paid During the Year for Interest	<u><u>\$37,515</u></u>	<u><u>\$60,165</u></u>

Newcomerstown Community Improvement Corporation
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011

Note 1 - Summary of significant accounting policies

A. Nature of Activities

The Newcomerstown Community Improvement Corporation (CIC) was established to promote commercial and industrial development in the Village of Newcomerstown, Ohio and surrounding areas.

B. Basis of accounting

The accounting records of CIC are maintained on the accrual basis of accounting.

C. Financial Statement Presentation

The Organization previously adopted Statement of Financial Accounting Standards (SFAS) No. 117 "Financial Statement of Not-for-profit Organizations." Under SFAS No. 117, the CIC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the CIC is required to present a statement of cash flows. The CIC only had unrestricted net assets at December 31, 2012 and 2011.

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

E. Cash Equivalents

The CIC considers all highly liquid deposit instruments purchased with a maturity of three months or less to be cash. Certificates of Deposit owned by the CIC in length greater than three months are classified as cash because the amounts are considered to be cash savings accounts. Fair values approximate carrying amounts.

Note 2 – Income Taxes

The CIC is a nonprofit organization as described in Section 501 (c) (6) of the Internal Revenue Code and is exempt from federal and state income taxes.

Note 3 – Notes Payable

The CIC has a note payable to the Board of Tuscarawas County Commissioners in the amount of \$2,871,511. The original note maturity was for \$2,200,000 plus accrued interest and matured on March 5, 2010. However, the CIC has obtained extensions to March 5, 2013. The note is secured by certain real estate in Oxford Township, Tuscarawas County, Ohio adjacent to the current Newcomerstown Industrial Park. The note is due including 4.5 percent per annum upon sale of the land by the CIC. As of March 5, 2010, the interest rate was reduced to zero.

Newcomerstown Community Improvement Corporation
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011

Note 4 – Land

Land is carried at cost and there is no depreciation allowance.

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

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

Newcomerstown Community Improvement Corporation
Tuscarawas County
P.O. Box 87
Newcomerstown, Ohio 43832

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Newcomerstown Community Improvement Corporation, Tuscarawas County, (the Corporation) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, and have issued our report thereon dated May 7, 2013.

Internal Control Over Financial Reporting

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

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 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 Corporation'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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Corporation'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 with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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 Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
May 7, 2013

Newcomerstown Community Improvement Corporation
Tuscarawas County
For the Years Ended December 31, 2012 and 2011

SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit report, for the years ending December 31, 2010 and 2009, reported no material citations or recommendations.



Dave Yost • Auditor of State

NEWCOMERSTOWN COMMUNITY IMPROVEMENT CORPORATION

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
JUNE 20, 2013**