

**VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY, OHIO**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2015

LISA STITELER, FISCAL OFFICER



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of Newcomerstown, Tuscarawas County, prepared by Julian & Grube, Inc., for the audit period January 1, 2014 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 Newcomerstown is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

July 19, 2016

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**VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

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

To the Members of Council and Mayor:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Newcomerstown, Tuscarawas County, Ohio, as of and for the year ended December 31, 2015, and the related notes to the basic financial statements, which collectively comprise the Village of Newcomerstown'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 the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for 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 Village of Newcomerstown'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 of Newcomerstown'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 cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Newcomerstown, Tuscarawas County, Ohio, as of December 31, 2015, and the respective changes in cash financial position and the respective budgetary comparisons for the General Fund, Street Maintenance and Street Levy major special revenue funds, thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As disclosed in Note 12, on October 11, 2012, the Auditor of State declared the Village of Newcomerstown to be in a state of fiscal emergency, in accordance with Section 118.03 of the Ohio Revised Code. The Auditor of State on June 13, 2016 released the Village of Newcomerstown from fiscal emergency. We did not modify our opinion regarding this matter.

Other Matters

Other Information

We applied no procedures to Management's Discussion and Analysis as listed in the table of contents. Accordingly, we express no opinion or any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2016 on our consideration of the Village of Newcomerstown'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 of Newcomerstown's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 16, 2016

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Village of Newcomerstown, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

This discussion and analysis of the Village of Newcomerstown's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2015, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2015 are as follows:

The total net position of the Village increased by \$687,070.

Net position of governmental activities increased \$533,063, which represents a 30.14 percent increase from 2014.

The Village's largest general receipts in governmental activities are income taxes of \$1,422,673 and property tax receipts of \$187,750. These receipts represent, respectively, 66.20 and 8.74 percent of the total receipts received for governmental activities during the year. Operating grants and contributions program receipts make up 11.58 percent of total receipts.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

Report Components

The statement of net position and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Village of Newcomerstown, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

Reporting the Village as a Whole

The statement of net position and the statement of activities reflect how the Village did financially during 2015, within the limitations of cash basis accounting. The statement of net position presents the cash balances of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well, such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations, and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net position and the statement of activities, we divide the Village into two types of activities:

Governmental activities Most of the Village's basic services are reported here, including police, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activities The Village has two business-type activities: the provision of water and sewer. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and proprietary.

Governmental Funds – Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) are combined and presented in total in a single column. The Village's major governmental funds are the general fund, street maintenance fund, and the street levy fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Village of Newcomerstown, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has two enterprise funds: water and sewer.

The Government as a Whole

Table 1 provides a summary of the Village's net position for 2015 compared to 2014 on a cash basis:

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Cash and Cash Equivalents	\$2,301,826	\$1,768,763	\$1,475,547	\$1,321,540	\$3,777,373	\$3,090,303
Net Position						
Restricted:						
Capital Projects	\$14,984	\$44,661	\$0	\$0	\$14,984	\$44,661
Other Purposes	1,092,143	940,182	0	0	1,092,143	940,182
Unrestricted	1,194,699	783,920	1,475,547	1,321,540	2,670,246	2,105,460
<i>Total Net Position</i>	\$2,301,826	\$1,768,763	\$1,475,547	\$1,321,540	\$3,777,373	\$3,090,303

Net position of the governmental activities increased by \$533,063, or 30.14 percent, during 2015. The increase is due to receipts continuing to outpace disbursements. Despite a decrease in receipts, disbursements decreased even further, as the Village continued to closely monitor costs. The decrease in disbursements primarily resulted from decreased disbursements for transportation during 2015.

Net position of the business-type activities increased during 2015 due to receipts outpacing disbursements with both increasing.

Village of Newcomerstown, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

Table 2 reflects the changes in net position for 2015 compared to 2014 and corresponds to the Statement of Activities.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Receipts						
Program Receipts:						
Charges for Services and Operating Assessments	\$121,656	\$97,765	\$1,060,549	\$981,069	\$1,182,205	\$1,078,834
Operating Grants and Contributions	248,903	275,060	0	0	248,903	275,060
Capital Grants and Contributions	170	7,449	0	0	170	7,449
Total Program Receipts	<u>370,729</u>	<u>380,274</u>	<u>1,060,549</u>	<u>981,069</u>	<u>1,431,278</u>	<u>1,361,343</u>
General Receipts:						
Property Taxes	187,750	183,476	0	0	187,750	183,476
Income Taxes	1,422,673	1,225,544	473,033	408,141	1,895,706	1,633,685
Loan Proceeds	0	0	195,385	0	195,385	0
Intergovernmental	136,988	94,789	0	0	136,988	94,789
Interest	1,598	704	5,510	599	7,108	1,303
Other	29,241	51,397	4,956	44,041	34,197	95,438
Total General Receipts	<u>1,778,250</u>	<u>1,555,910</u>	<u>678,884</u>	<u>452,781</u>	<u>2,457,134</u>	<u>2,008,691</u>
Total Receipts	<u>2,148,979</u>	<u>1,936,184</u>	<u>1,739,433</u>	<u>1,433,850</u>	<u>3,888,412</u>	<u>3,370,034</u>
Program Disbursements						
General Government	270,966	318,903	0	0	270,966	318,903
Security of Persons and Property	607,000	535,800	0	0	607,000	535,800
Public Health Services	74,753	35,848	0	0	74,753	35,848
Leisure Time Activities	52,155	31,979	0	0	52,155	31,979
Basic Utility Services	3,800	1,700	0	0	3,800	1,700
Transportation	544,388	616,167	0	0	544,388	616,167
Capital Outlay	42,847	12,476	0	0	42,847	12,476
Principal Retirement	20,007	30,012	0	0	20,007	30,012
Water	0	0	532,910	581,486	532,910	581,486
Sewer	0	0	1,052,516	873,566	1,052,516	873,566
Total Disbursements	<u>1,615,916</u>	<u>1,582,885</u>	<u>1,585,426</u>	<u>1,455,052</u>	<u>3,201,342</u>	<u>3,037,937</u>
Change in Net Position	533,063	353,299	154,007	(21,202)	687,070	332,097
Net Position Beginning of Year	<u>1,768,763</u>	<u>1,415,464</u>	<u>1,321,540</u>	<u>1,342,742</u>	<u>3,090,303</u>	<u>2,758,206</u>
Net Position End of Year	<u>\$2,301,826</u>	<u>\$1,768,763</u>	<u>\$1,475,547</u>	<u>\$1,321,540</u>	<u>\$3,777,373</u>	<u>\$3,090,303</u>

Program receipts for governmental activities represent only 17.25 percent of total receipts and are primarily composed of operating grants and contributions.

Village of Newcomerstown, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

General receipts for governmental activities represent 82.75 percent of the Village's total receipts, and of this amount, over 80 percent are local taxes. Grants and entitlements make up about 8 percent of the Village's general governmental receipts.

Disbursements for general government represent the overhead costs of running the Village and the support services provided for the other government activities. These include the costs of council, the fiscal officer and internal services such as purchasing. These costs do not represent direct services to residents and they have been limited to 16.77 percent of the total general governmental disbursements of the Village in 2015.

Governmental Activities

If you look at the Statement of Activities on pages 12 and 13, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities were for security of persons and property and transportation, which account for 37.56 and 33.69 percent of all governmental disbursements, respectively. The next two columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
General Government	\$270,966	\$318,903	(\$248,703)	(\$299,632)
Security of Persons and Property	607,000	535,800	(554,152)	(494,727)
Public Health Services	74,753	35,848	(33,075)	5,879
Leisure Time Activities	52,155	31,979	(36,656)	(5,273)
Basic Utility Services	3,800	1,700	(3,487)	(1,597)
Transportation	544,388	616,167	(306,260)	(364,773)
Capital Outlay	42,847	12,476	(42,847)	(12,476)
Principal Retirement	20,007	30,012	(20,007)	(30,012)
Total Disbursements	<u>\$1,615,916</u>	<u>\$1,582,885</u>	<u>(\$1,245,187)</u>	<u>(\$1,202,611)</u>

Business-type Activities

These activities represent operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village has two significant enterprise activities: water and sewer. The water fund had an increase in net position of \$41,714 due to an increase in receipts for charges for services. The sewer fund had an increase in net position of \$112,293 despite an increase in disbursements because of loan proceeds.

Village of Newcomerstown, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

The Village's Funds

Information about the Village's governmental funds begins on page 14. These funds are accounted for by using the cash basis of accounting. All governmental funds had total receipts and other financing sources of \$2,188,979 and disbursements and other financing uses of \$1,655,916. The general fund had receipts of \$1,361,720 and disbursements and other financing uses of \$947,729, for an increase of \$413,991. The street maintenance fund had receipts of \$178,044 and disbursements of \$188,965, for a decrease of \$10,921. The street levy fund had receipts of \$490,349 and disbursements of \$335,509, for an increase of \$154,840.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During 2015, the Village did not amend the budgeted receipts. The actual receipts were \$244,009 more than the budgeted receipts, due mainly to income tax receipts coming in much higher than budgeted receipts.

Original budgeted disbursements were \$50,112 less than the final budgeted disbursements. Actual disbursements were \$163,769 less than final budgeted disbursements due mainly to lower general government costs and lower security of persons and property costs than expected.

Debt Administration

At December 31, 2015, the Village had four OPWC loans outstanding in the amount of \$309,705 and four OWDA loans outstanding in the amount of \$3,058,905. See Note 9 for additional debt information.

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases, shrinking funding. We rely heavily on local property taxes and income taxes. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Village. We will continue to monitor the finances of the Village and reduce costs in areas which would have the least impact on services to Village residents. We are also looking at ways to increase revenue.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Lisa Stiteler, Fiscal Officer, Village of Newcomerstown, 124 West Church Street, Newcomerstown, Ohio 43832. The Village phone number is (740) 498-6289.

Village of Newcomerstown, Ohio
Tuscarawas County
Statement of Net Position - Cash Basis
December 31, 2015

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,301,826	\$1,475,547	\$3,777,373
Net Position			
Restricted for:			
Capital Projects	\$14,984	\$0	\$14,984
Other Purposes	1,092,143	0	1,092,143
Unrestricted	1,194,699	1,475,547	2,670,246
<i>Total Net Position</i>	\$2,301,826	\$1,475,547	\$3,777,373

See accompanying notes to the basic financial statements

Village of Newcomerstown, Ohio
Tuscarawas County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2015

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Operating Assessments	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Current:				
General Government	\$270,966	\$22,263	\$0	\$0
Security of Persons and Property	607,000	50,815	2,033	0
Public Health Services	74,753	41,678	0	0
Leisure Time Activities	52,155	6,587	8,912	0
Basic Utility Services	3,800	313	0	0
Transportation	544,388	0	237,958	170
Capital Outlay	42,847	0	0	0
Debt Service:				
Principal Retirement	20,007	0	0	0
<i>Total Governmental Activities</i>	<u>1,615,916</u>	<u>121,656</u>	<u>248,903</u>	<u>170</u>
Business-Type Activities				
Water	532,910	573,052	0	0
Sewer	1,052,516	487,497	0	0
<i>Total Business-Type Activities</i>	<u>1,585,426</u>	<u>1,060,549</u>	<u>0</u>	<u>0</u>
Total	<u><u>\$3,201,342</u></u>	<u><u>\$1,182,205</u></u>	<u><u>\$248,903</u></u>	<u><u>\$170</u></u>

General Receipts

Property Taxes Levied for:
 General Purposes
 Other Purposes
Income Taxes Levied for:
 General Purposes
 Other Purposes
Loan Proceeds
Intergovernmental
Interest
Miscellaneous

Total General Receipts

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net Receipts (Disbursements)
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(\$248,703)	\$0	(\$248,703)
(554,152)	0	(554,152)
(33,075)	0	(33,075)
(36,656)	0	(36,656)
(3,487)	0	(3,487)
(306,260)	0	(306,260)
(42,847)	0	(42,847)
<u>(20,007)</u>	<u>0</u>	<u>(20,007)</u>
<u>(1,245,187)</u>	<u>0</u>	<u>(1,245,187)</u>
0	40,142	40,142
<u>0</u>	<u>(565,019)</u>	<u>(565,019)</u>
<u>0</u>	<u>(524,877)</u>	<u>(524,877)</u>
<u>(1,245,187)</u>	<u>(524,877)</u>	<u>(1,770,064)</u>
174,426	0	174,426
13,324	0	13,324
949,640	0	949,640
473,033	473,033	946,066
0	195,385	195,385
136,988	0	136,988
1,598	5,510	7,108
29,241	4,956	34,197
<u>1,778,250</u>	<u>678,884</u>	<u>2,457,134</u>
533,063	154,007	687,070
<u>1,768,763</u>	<u>1,321,540</u>	<u>3,090,303</u>
<u>\$2,301,826</u>	<u>\$1,475,547</u>	<u>\$3,777,373</u>

Village of Newcomerstown, Ohio
Tuscarawas County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2015

	General	Street Maintenance	Street Levy	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$1,182,934	\$107,474	\$713,977	\$297,441	\$2,301,826
Fund Balances					
Restricted	\$0	\$107,474	\$713,977	\$285,676	\$1,107,127
Committed	0	0	0	11,765	11,765
Assigned	32,870	0	0	0	32,870
Unassigned (Deficit)	1,150,064	0	0	0	1,150,064
<i>Total Fund Balances</i>	<u>\$1,182,934</u>	<u>\$107,474</u>	<u>\$713,977</u>	<u>\$297,441</u>	<u>\$2,301,826</u>

See accompanying notes to the basic financial statements

Village of Newcomerstown, Ohio
Tuscarawas County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2015

	General	Street Maintenance	Street Levy	Other Governmental Funds	Total Governmental Funds
Receipts					
Income Taxes	\$949,640	\$0	\$473,033	\$0	\$1,422,673
Property Taxes	174,426	0	0	13,324	187,750
Charges for Services	35,243	0	0	37,731	72,974
Fines, Licenses and Permits	39,339	0	0	1,840	41,179
Intergovernmental	136,988	168,947	16,000	55,214	377,149
Rent	0	0	0	7,503	7,503
Contributions and Donations	6,000	0	0	2,912	8,912
Interest	0	0	1,316	282	1,598
Miscellaneous	20,084	9,097	0	60	29,241
<i>Total Receipts</i>	<u>1,361,720</u>	<u>178,044</u>	<u>490,349</u>	<u>118,866</u>	<u>2,148,979</u>
Disbursements					
Current:					
General Government	270,966	0	0	0	270,966
Security of Persons and Property	585,847	0	0	21,153	607,000
Public Health Services	873	0	0	73,880	74,753
Leisure Time Activities	46,243	0	0	5,912	52,155
Basic Utility Services	3,800	0	0	0	3,800
Transportation	0	188,965	315,502	39,921	544,388
Capital Outlay	0	0	0	42,847	42,847
Debt Service:					
Principal Retirement	0	0	20,007	0	20,007
<i>Total Disbursements</i>	<u>907,729</u>	<u>188,965</u>	<u>335,509</u>	<u>183,713</u>	<u>1,615,916</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>453,991</u>	<u>(10,921)</u>	<u>154,840</u>	<u>(64,847)</u>	<u>533,063</u>
Other Financing Sources (Uses)					
Transfers In	0	0	0	40,000	40,000
Transfers Out	(40,000)	0	0	0	(40,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(40,000)</u>	<u>0</u>	<u>0</u>	<u>40,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	413,991	(10,921)	154,840	(24,847)	533,063
<i>Fund Balance Beginning of Year</i>	<u>768,943</u>	<u>118,395</u>	<u>559,137</u>	<u>322,288</u>	<u>1,768,763</u>
<i>Fund Balance End of Year</i>	<u>\$1,182,934</u>	<u>\$107,474</u>	<u>\$713,977</u>	<u>\$297,441</u>	<u>\$2,301,826</u>

See accompanying notes to the basic financial statements

Village of Newcomerstown, Ohio
Tuscarawas County
Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2015

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Income Taxes	\$804,987	\$804,987	\$949,640	\$144,653
Property Taxes	135,400	135,400	166,657	31,257
Fines, Licenses and Permits	25,575	25,575	40,132	14,557
Intergovernmental	66,000	66,000	129,757	63,757
Contributions and Donations	0	0	1,000	1,000
Miscellaneous	30,700	30,700	19,485	(11,215)
<i>Total Receipts</i>	<u>1,062,662</u>	<u>1,062,662</u>	<u>1,306,671</u>	<u>244,009</u>
Disbursements				
Current:				
General Government	340,986	384,924	288,904	96,020
Security of Persons and Property	652,619	658,793	592,021	66,772
Public Health Services	1,800	1,800	873	927
Basic Utility Services	3,850	3,850	3,800	50
<i>Total Disbursements</i>	<u>999,255</u>	<u>1,049,367</u>	<u>885,598</u>	<u>163,769</u>
<i>Excess of Receipts Over Disbursements</i>	63,407	13,295	421,073	407,778
Other Financing Uses				
Transfers Out	(60,000)	(60,000)	(40,000)	20,000
<i>Net Change in Fund Balance</i>	3,407	(46,705)	381,073	427,778
<i>Fund Balance Beginning of Year</i>	756,355	756,355	756,355	0
Prior Year Encumbrances Appropriated	12,374	12,374	12,374	0
<i>Fund Balance End of Year</i>	<u>\$772,136</u>	<u>\$722,024</u>	<u>\$1,149,802</u>	<u>\$427,778</u>

See accompanying notes to the basic financial statements

Village of Newcomerstown, Ohio
Tuscarawas County
Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
Street Maintenance Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$160,441	\$160,441	\$168,947	\$8,506
Miscellaneous	11,000	11,000	9,097	(1,903)
<i>Total Receipts</i>	171,441	171,441	178,044	6,603
Disbursements				
Current:				
Transportation	180,243	195,054	190,276	4,778
<i>Net Change in Fund Balance</i>	(8,802)	(23,613)	(12,232)	11,381
<i>Fund Balance Beginning of Year</i>	115,908	115,908	115,908	0
Prior Year Encumbrances Appropriated	2,487	2,487	2,487	0
<i>Fund Balance End of Year</i>	<u>\$109,593</u>	<u>\$94,782</u>	<u>\$106,163</u>	<u>\$11,381</u>

See accompanying notes to the basic financial statements

Village of Newcomerstown, Ohio
Tuscarawas County
Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual - Budget Basis
Street Levy Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Income Tax	\$385,159	\$385,159	\$473,033	\$87,874
Intergovernmental	0	0	16,000	16,000
Interest	0	0	1,316	1,316
<i>Total Receipts</i>	385,159	385,159	490,349	105,190
Disbursements				
Current:				
Transportation	338,500	464,807	356,309	108,498
Debt Service:				
Principal Retirement	20,007	20,007	20,007	0
<i>Total Disbursements</i>	358,507	484,814	376,316	108,498
<i>Net Change in Fund Balance</i>	26,652	(99,655)	114,033	213,688
<i>Fund Balance Beginning of Year</i>	559,137	559,137	559,137	0
<i>Fund Balance End of Year</i>	\$585,789	\$459,482	\$673,170	\$213,688

See accompanying notes to the basic financial statements

Village of Newcomerstown, Ohio
Tuscarawas County
Statement of Fund Net Position - Cash Basis
Enterprise Funds
December 31, 2015

	Business-Type Activities		
	Water	Sewer	Total Enterprise Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$289,107	\$1,186,440	\$1,475,547
Net Position			
Unrestricted	\$289,107	\$1,186,440	\$1,475,547

See accompanying notes to the basic financial statements

Village of Newcomerstown, Ohio
Tuscarawas County
Statement of Receipts,
Disbursements and Changes in Fund Net Position - Cash Basis
Enterprise Funds
For the Year Ended December 31, 2015

	Business-Type Activities		
	Water	Sewer	Total Enterprise Funds
Operating Receipts			
Charges for Services	\$573,052	\$487,497	\$1,060,549
Other Operating Receipts	0	4,956	4,956
<i>Total Operating Receipts</i>	<u>573,052</u>	<u>492,453</u>	<u>1,065,505</u>
Operating Disbursements			
Personal Services	190,745	153,426	344,171
Fringe Benefits	82,134	91,194	173,328
Contractual Services	120,008	526,394	646,402
Materials and Supplies	60,219	35,659	95,878
Capital Outlay	2,638	2,638	5,276
<i>Total Operating Disbursements</i>	<u>455,744</u>	<u>809,311</u>	<u>1,265,055</u>
<i>Operating Income (Loss)</i>	<u>117,308</u>	<u>(316,858)</u>	<u>(199,550)</u>
Non-Operating Receipts (Disbursements)			
Income Taxes	0	473,033	473,033
Loan Proceeds	0	195,385	195,385
Interest	1,572	3,938	5,510
Principal Payments	(67,178)	(211,691)	(278,869)
Interest and Fiscal Charges	(9,988)	(31,514)	(41,502)
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	<u>(75,594)</u>	<u>429,151</u>	<u>353,557</u>
<i>Change in Net Position</i>	41,714	112,293	154,007
<i>Net Position Beginning of Year</i>	<u>247,393</u>	<u>1,074,147</u>	<u>1,321,540</u>
<i>Net Position End of Year</i>	<u><u>\$289,107</u></u>	<u><u>\$1,186,440</u></u>	<u><u>\$1,475,547</u></u>

See accompanying notes to the basic financial statements

Village of Newcomerstown, Ohio
Tuscarawas County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 1 – Description of the Village and Reporting Entity

The Village of Newcomerstown, Tuscarawas County, Ohio (the Village), is a body politic and corporate 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 six-member Council.

On October 11, 2012, the Auditor of State's office declared the Village to be in a state of fiscal emergency in accordance with Section 118.03, Ohio Revised Code. The declaration resulted in the establishment of a Financial Planning and Supervision Commission. The Commission is composed of the Mayor of the Village, Council member, three financial consultants from various corporations and/or organizations and two representatives from the State of Ohio. The Commission is required to adopt a financial recovery plan for the Village, and the plan must be updated annually. Once the plan is adopted, the Village's discretion is limited in that all financial activity of the Village must be in accordance with the plan.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, police services and Mayor's Court. Council has direct responsibility for these services.

Jointly Governed Organizations

The Village participates in two jointly governed organizations. These organizations are presented in Note 10. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2 – Basis of Accounting, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village's accounting policies.

Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Village of Newcomerstown, Ohio
Tuscarawas County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental in nature and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each program or function of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented in two categories: governmental and proprietary.

Governmental Funds

Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds:

General Fund The general fund is used to account for and report all financial resources, except those required to be accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Village of Newcomerstown, Ohio
Tuscarawas County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Street Maintenance Fund The street maintenance special revenue fund accounts for and reports monies received from gasoline and motor vehicle taxes restricted for constructing, maintaining, and repairing Village streets.

Street Levy Fund The street levy special revenue fund accounts for and reports income tax monies restricted for constructing, maintaining, and repairing Village streets.

The other governmental funds of the Village account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds. The Village has no internal service funds.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the Village's major enterprise funds:

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

Village of Newcomerstown, Ohio
Tuscarawas County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the department and object level for all funds. Any budgetary modification at this level may only be made by Village Council.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

The Village has no investments as of year end. Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest revenue credited to the sewer fund during 2015 amounted to \$3,938, of which \$1,724 was assigned from other funds.

Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

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

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 15 and 16, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

Village of Newcomerstown, Ohio
Tuscarawas County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted Fund balance is reported as 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.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party – such as citizens, public interest groups, or the judiciary – to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution, as both are equally legally binding) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not 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. State statute authorizes the fiscal officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Village of Newcomerstown, Ohio
Tuscarawas County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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 (committed, assigned, and unassigned) amounts are available. 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.

Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for street and state highway improvements and federal and state grants restricted to cash disbursements for specified purposes. The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted resources are available.

Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts. Transfers between governmental funds are eliminated on the government-wide financial statements. Internal allocations of overhead disbursements from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statements of Receipt, Disbursements, and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund, street maintenance fund, and street levy fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed, or assigned fund balance (cash basis) and budgetary receipts and disbursements of the park and downtown revitalization funds are reclassified to the general fund for cash basis reporting. The following table summarizes the adjustments necessary to reconcile the cash basis statement to the budgetary basis statements for the general fund and major special revenue funds.

Village of Newcomerstown, Ohio
Tuscarawas County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Net Change in Fund Balances

	General	Street Maintenance	Street Levy
Cash Basis	\$413,991	(\$10,921)	\$154,840
Perspective Difference:			
Park Fund	(8,805)	0	0
Encumbrances	(24,113)	(1,311)	(40,807)
Budgetary Basis	\$381,073	(\$12,232)	\$114,033

Note 4 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;

Village of Newcomerstown, Ohio
Tuscarawas County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

5. Time certificates of deposit, or savings, or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$2,887,757 of the Village's bank balance of \$3,822,757 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Note 5 – Income Taxes

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. Additional increases in the income tax rate require voter approval.

Employers within the Village withhold income tax on employee compensation and remit the tax quarterly. Corporations and other individual taxpayers remit estimated taxes quarterly and file a declaration annually. Income tax revenue is credited to the general, street levy, and sewer funds.

Note 6 – Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax receipts received during 2015 for real and public utility property taxes represents collections of the 2014 taxes.

Village of Newcomerstown, Ohio
Tuscarawas County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

2015 real property taxes are levied after October 1, 2015, on the assessed values as of January 1, 2015, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2015 real property taxes are collected in and intended to finance 2016.

Real property taxes are payable annually or semi-annually. 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. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2015 public utility property taxes which became a lien on December 31, 2014, are levied after October 1, 2015, and are collected in 2016 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2015, was \$2.50 per \$1,000 of assessed value. The assessed values of real property and public utility personal property upon which 2015 property tax receipts were based are as follows:

Real Property	\$45,187,920
Public Utility Property	<u>2,758,540</u>
Total	<u><u>\$47,946,460</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

Note 7 – Interfund Transfers

During the year ended December 31, 2015, the Village made transfers totaling \$40,000 from the general fund to the cemetery and capital improvement funds in the amounts of \$30,000 and \$10,000, respectively. These transfers from the general fund were used to move unrestricted revenues collected in the general fund to finance programs accounted for in other funds in accordance with budgetary authorizations.

Note 8 – Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2015, the Village contracted with Scottsdale Indemnity Company for the various types of insurance coverage:

Village of Newcomerstown, Ohio
Tuscarawas County
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For the Year Ended December 31, 2015

Type of Coverage	Coverage
Commercial Property	\$15,106,474
General Liability:	
Aggregate	2,000,000
Each Occurance	1,000,000
Employment Practices:	
Aggregate	2,000,000
Each Occurance	1,000,000
Public Officials Liability:	
Aggregate	2,000,000
Each Occurance	1,000,000
Law Enforcement Liability:	
Aggregate	2,000,000
Each Occurance	1,000,000
Commercial Automobile Liability	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there was no significant reduction in coverage from the prior year.

Note 9 – Long-Term Obligations

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
Governmental Activities			
OPWC Loans:			
State and Goodrich Streets Improvement	0.00 %	\$183,391	1/1/2020
Canal Street Improvements	0.00	124,500	7/1/2021
Business-Type Activities			
OPWC Loans:			
County Road 15 Pump Station	0.00	45,000	7/1/2027
Sewage Collection System Improvements	0.00	195,385	7/1/2045
OWDA Loans:			
Water Treatment Plant	2.00	1,506,553	1/1/2022
Wastewater Treatment Plant Improvements I	2.00	1,166,795	7/1/2027
Wastewater Treatment Plant Improvements II	1.00	3,066,361	1/1/2025
County Road 15 Pump Station	1.00	900,947	Not Finalized

Village of Newcomerstown, Ohio
Tuscarawas County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

	Balance 12/31/14	Increase	Decrease	Balance 12/31/15	Amounts Due In One Year
<i>Governmental Activities</i>					
OPWC Loans Payable:					
State and Goodrich Streets Improvement	\$61,130	\$0	(\$12,226)	\$48,904	\$12,226
Canal Street Improvements	50,578	0	(7,781)	42,797	7,781
<i>Total Governmental Activities</i>	<u>\$111,708</u>	<u>\$0</u>	<u>(\$20,007)</u>	<u>\$91,701</u>	<u>\$20,007</u>
<i>Business-Type Activities</i>					
OPWC Loans Payable:					
County Road 15 Pump Station	\$28,125	\$0	(\$2,250)	\$25,875	\$2,250
Sewage Collection System Improvements	0	195,385	(3,256)	192,129	6,513
Total OPWC Loans Payable	<u>28,125</u>	<u>195,385</u>	<u>(5,506)</u>	<u>218,004</u>	<u>8,763</u>
OWDA Loans Payable:					
Water Treatment Plant	499,419	0	(67,178)	432,241	68,522
Wastewater Treatment Plant Improvements I	655,588	0	(46,656)	608,932	47,594
Wastewater Treatment Plant Improvements II	1,609,585	0	(153,830)	1,455,755	155,372
County Road 15 Pump Station	561,509	6,167	(5,699)	561,977	0
Total OWDA Loans Payable	<u>3,326,101</u>	<u>6,167</u>	<u>(273,363)</u>	<u>3,058,905</u>	<u>271,488</u>
<i>Total Business-Type Activities</i>	<u>\$3,354,226</u>	<u>\$201,552</u>	<u>(\$278,869)</u>	<u>\$3,276,909</u>	<u>\$280,251</u>

The 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. Two more loans from the Ohio Public Works Commission are for a pump station and sewage collection improvements to be repaid in semi-annual installments over 20 and 30 years, respectively.

The Village has four loans outstanding with the Ohio Water Development Authority (OWDA). One loan deals with the construction of the Water Treatment Plant, which will be repaid over a period of 25 years. Two of the loans relate to improvements made to the Wastewater Treatment Plant and will be paid off over 25 and 20 years, respectively. The fourth loan is for projects related to the pump station and will be paid over a period of 20 years.

A line of credit has been established with the Ohio Water Development Authority in the amount of \$900,947 for the County Road 15 Pump Station project; however, since this loan is not finalized, the repayment schedule is not included in the schedule of debt service payments. The Village has received the full amount of proceeds. Until a final repayment schedule is available, the Village is paying based on estimates.

The following is a summary of the Village's future annual principal and interest requirements for debt:

Village of Newcomerstown, Ohio
Tuscarawas County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

	Governmental		Business-Type Activities	
	Activities			
	OPWC Loans	OPWC Loans	OWDA Loans	
	Principal	Principal	Principal	Interest
2016	\$20,007	\$8,763	\$271,488	\$34,757
2017	20,007	8,763	275,373	30,872
2018	20,008	8,763	279,320	26,925
2019	20,007	8,763	283,330	22,915
2020	7,781	8,763	287,405	18,840
2021-2025	3,891	43,814	1,012,465	40,552
2026-2030	0	35,939	87,547	1,756
2031-2035	0	32,564	0	0
2036-2040	0	32,564	0	0
2041-2045	0	29,308	0	0
Totals	<u>\$91,701</u>	<u>\$218,004</u>	<u>\$2,496,928</u>	<u>\$176,617</u>

The Village has pledged future revenues, net of operating expenses, to repay an OWDA loan in the Village water fund. The debt is payable solely from net revenues and are payable through 2022. Annual principal and interest payments on the debt issues are expected to require about 65 percent of net revenues and less than 14 percent of total revenues. The total principal and interest remaining to be paid on the debt is \$462,998, total net revenues were \$118,880, and total revenues were \$574,624.

The Village has pledged future revenues, net of operating expenses, to repay OPWC and OWDA loans in the Village sewer fund. The debt is payable solely from net revenues and are payable through 2045. Annual principal and interest payments on the debt issues are expected to require less than 152 percent of net revenues and less than 25 percent of total revenues. The total principal and interest remaining to be paid on the debt is \$2,428,550, total net revenues were \$160,113, and total revenues were \$969,424.

Note 10 – Jointly Governed Organizations

Tuscarawas County Regional Planning Commission

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.

Tuscarawas County Tax Incentive Review Control

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 20 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.

Village of Newcomerstown, Ohio
Tuscarawas County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – Fiscal Emergency

In accordance with Ohio Revised Code Chapter 118, the Village was placed under fiscal emergency by the Auditor of State on October 11, 2012, due to a deficit cash fund balance in the cemetery fund at December 31, 2011, and April 30, 2012. This prompted the creation of a Financial Planning and Supervision Commission to oversee the Village’s financial recovery. The Village met the objectives of the financial recovery plan and Management has prepared a financial forecast for a five-year period. The Village’s fiscal emergency declaration was terminated on June 13, 2016.

Note 13 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Street Maintenance	Street Levy	Other Governmental Funds	Total
<u>Restricted to:</u>					
Transportation	\$0	\$107,474	\$713,977	\$187,179	\$1,008,630
Public Safety	0	0	0	29,283	29,283
Public Health	0	0	0	54,230	54,230
Capital Improvements	0	0	0	14,984	14,984
<i>Total Restricted</i>	<u>0</u>	<u>107,474</u>	<u>713,977</u>	<u>285,676</u>	<u>1,107,127</u>
<u>Committed to:</u>					
Capital Improvements	0	0	0	11,765	11,765
<u>Assigned to:</u>					
Purchases on Order:					
General Government	17,938	0	0	0	17,938
Public Safety	6,174	0	0	0	6,174
Liesure Time Activities	498	0	0	0	498
2016 Appropriations	8,260	0	0	0	8,260
<i>Total Assigned</i>	<u>32,870</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>32,870</u>
Unassigned	1,150,064	0	0	0	1,150,064
Total Fund Balances	<u><u>\$1,182,934</u></u>	<u><u>\$107,474</u></u>	<u><u>\$713,977</u></u>	<u><u>\$297,441</u></u>	<u><u>\$2,301,826</u></u>

Village of Newcomerstown, Ohio
Tuscarawas County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 14 – Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year or soon thereafter were as follows:

General	\$24,113
Street Maintenance	1,311
Street Levy	40,807
Other Governmental Funds	51,071
Water	12,439
Sewer	20,695
Total	<u><u>\$150,436</u></u>

Note 15 - Defined Benefit Pension Plans

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description -Village employees, other than full-time police, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Village employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Village of Newcomerstown, Ohio
Tuscarawas County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

2015 Statutory Maximum Contribution Rates	<u>State and Local</u>
Employer	14.0 %
Employee	10.0 %
2015 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Village's contractually required contribution was \$79,948 for year 2015.

Village of Newcomerstown, Ohio
Tuscarawas County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description - Village full-time police participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

Village of Newcomerstown, Ohio
Tuscarawas County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

	Police
2015 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee:	
January 1, 2015 through July 1, 2015	11.50 %
July 2, 2015 through December 31, 2015	12.25 %
 2015 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	0.50
Total Employer	19.50 %
Employee:	
January 1, 2015 through July 1, 2015	11.50 %
July 2, 2015 through December 31, 2015	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Village’s contractually required contribution to OPF was \$39,665 for 2015.

Note 16 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care plan for qualifying members of both the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment health care coverage. The plan includes a medical plan, a prescription drug program, and Medicare Part B premium reimbursement.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Village of Newcomerstown, Ohio
Tuscarawas County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Funding Policy - The postemployment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postemployment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2015, state and local employers contributed 14 percent of covered payroll. This is the maximum employer contribution rate permitted by the Ohio Revised Code.

Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The portion of the employer contribution allocated to health care for members in both the traditional and combined plans was 2 percent for 2015.

The OPERS retirement board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment health care plan.

The Village's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2015, 2014, and 2013 was \$13,325, \$4,900, and \$5,597, respectively. The full amount has been contributed for all years.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 9, 2012, with a transition plan commencing on January 1, 2014. With the passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contribution toward the health care fund after the end of the transition period.

Police and Fire Pension Fund

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OPF) sponsored healthcare program, a cost-sharing, multiple-employer defined postemployment healthcare plan administered by OPF. OPF provides health care benefits including coverage for medical, prescription drug, dental, vision, Medicare Part B Premium, and long-term care to retirees, qualifying benefit recipients, and their eligible dependents.

OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an Other Postemployment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45.

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the OPF Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Village of Newcomerstown, Ohio
Tuscarawas County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF defined benefit pension plan. Participating employers are required by the Ohio Revised Code to contribute to the pension plan at rates expressed as a percentage of payroll of active pension plan members, currently 19.5 percent of covered payroll for police. Active members do not make contributions to the OPEB Plan.

OPF maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B premium reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan under the authority granted by the Ohio Revised Code to the OPF Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contribution made to the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2015, the employer contribution allocated to the health care plan was .5 percent of covered payroll. The amount of employer contribution allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OPF Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contribution to OPF which was allocated to fund postemployment health care benefits for police was \$1,044 for the year ended December 31, 2015, \$8,249 for the year ended December 31, 2014, and \$6,526 for the year ended December 31, 2013. The full amount has been contributed for all years.

Note 17 – Accountability and Compliance

The Village had invoices dated prior to purchase orders in noncompliance with Section 5705.41(D), Ohio Revised Code.



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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

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

To the Members of Council and Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the Comptroller General of the United States' *Government Auditing Standards*, the cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Newcomerstown, Tuscarawas County, Ohio, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Village of Newcomerstown's basic financial statements and have issued our report thereon dated June 16, 2016, wherein we noted the Village of Newcomerstown uses a special purpose framework other than generally accepted accounting principles. In addition, as disclosed in Note 12, on October 11, 2012, the Village of Newcomerstown was declared by the Auditor of State to be in a state of fiscal emergency and was released from fiscal emergency on June 13, 2016.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village of Newcomerstown'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 of Newcomerstown'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 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 of Newcomerstown'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 deficiencies in internal control 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.

Members of Council and Mayor
Village of Newcomerstown

Compliance and Other Matters

As part of reasonably assuring whether the Village of Newcomerstown'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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as 2015-001.

Entity's Response to Finding

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

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



Julian & Grube, Inc.
June 16, 2016

**VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2015-001

Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The Village had 12% of expenditures that were not timely certified.

Without timely certification, the Village may expend more funds than available in the Treasury, in the process of collection or in the funds appropriated. It may also result in unnecessary purchases.

We recommend that all orders or contracts involving the expenditure of money be timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. A policy and procedure statement adopted by the Council and distributed at least annually may be beneficial. The Village should consider using "Then" and "Now" certificates where applicable.

Client Response: The Village is attempting to use blanket certificates and "Then and Now" certificates when applicable.

**VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer</u> Valid; <i>Explain:</i>
2014-001	Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. The Village had 13% of expenditures that were not timely certified.	No	Repeated as finding 2015-001
2014-002	Ohio Revised Code Section 9.38 requires that deposits of public money be made in a timely manner. Public money must be deposited to the public office or to a designated depository the business day following the day of receipt. If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it.	Yes	N/A

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Dave Yost • 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
AUGUST 2, 2016