

**VILLAGE OF NEWCOMERSTOWN  
TUSCARAWAS COUNTY, OHIO**

***FINANCIAL STATEMENTS***

FOR THE YEAR ENDED  
DECEMBER 31, 2014

**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, 2015 through December 31, 2015. 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, 2014, 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, 2014, and the respective changes in cash financial position and the respective budgetary comparisons for the General Fund and the 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 14, 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, 2014  
Unaudited

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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, 2014, 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 2014 are as follows:

The total net position of the Village increased by \$332,097.

Net position of governmental activities increased \$353,299, which represents a 24.96 percent increase from 2013.

The Village's largest general receipts in governmental activities are income taxes of \$1,225,544 and property tax receipts of \$183,476. These receipts represent, respectively, 63.30 and 9.48 percent of the total receipts received for governmental activities during the year. Operating grants and contributions program receipts make up 14.21 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, 2014  
Unaudited

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**Reporting the Village as a Whole**

The statement of net position and the statement of activities reflect how the Village did financially during 2014, 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, 2014  
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 2014 compared to 2013 on a cash basis:

Table 1  
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Assets</b>						
Cash and Cash Equivalents	\$1,768,763	\$1,415,464	\$1,321,540	\$1,342,742	\$3,090,303	\$2,758,206
<b>Net Position</b>						
Restricted:						
Capital Projects	\$44,661	\$28,865	\$0	\$0	\$44,661	\$28,865
Other Purposes	940,182	901,385	0	0	940,182	901,385
Unrestricted	783,920	485,214	1,321,540	1,342,742	2,105,460	1,827,956
<i>Total Net Position</i>	\$1,768,763	\$1,415,464	\$1,321,540	\$1,342,742	\$3,090,303	\$2,758,206

Net position of the governmental activities increased by \$353,299, or 24.96 percent, during 2014. The increase is due to receipts continuing to outpace disbursements, despite a decrease in receipts and a significant increase in disbursements. The increase in disbursements primarily resulted from increased disbursements for transportation due to having more road projects in 2014.

Net position of the business-type activities decreased slightly during 2014 due to an increase in disbursements, mainly disbursements for debt service.

**Village of Newcomerstown, Ohio**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2014  
Unaudited

Table 2 reflects the changes in net position for 2014 compared to 2013 and corresponds to the Statement of Activities.

Table 2  
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Receipts</b>						
Program Receipts:						
Charges for Services and Operating Assessments	\$97,765	\$77,226	\$981,069	\$899,397	\$1,078,834	\$976,623
Operating Grants and Contributions	275,060	214,262	0	0	275,060	214,262
Capital Grants and Contributions	7,449	36,277	0	0	7,449	36,277
Total Program Receipts	<u>380,274</u>	<u>327,765</u>	<u>981,069</u>	<u>899,397</u>	<u>1,361,343</u>	<u>1,227,162</u>
General Receipts:						
Property Taxes	183,476	171,646	0	0	183,476	171,646
Income Taxes	1,225,544	1,130,224	408,141	376,742	1,633,685	1,506,966
Intergovernmental	94,789	312,958	0	0	94,789	312,958
Interest	704	800	599	0	1,303	800
Other	51,397	61,026	44,041	139,829	95,438	200,855
Total General Receipts	<u>1,555,910</u>	<u>1,676,654</u>	<u>452,781</u>	<u>516,571</u>	<u>2,008,691</u>	<u>2,193,225</u>
Total Receipts	<u>1,936,184</u>	<u>2,004,419</u>	<u>1,433,850</u>	<u>1,415,968</u>	<u>3,370,034</u>	<u>3,420,387</u>
<b>Program Disbursements</b>						
General Government	318,903	280,041	0	0	318,903	280,041
Security of Persons and Property	535,800	528,524	0	0	535,800	528,524
Public Health Services	35,848	48,611	0	0	35,848	48,611
Leisure Time Activities	31,979	26,150	0	0	31,979	26,150
Basic Utility Services	1,700	2,710	0	0	1,700	2,710
Transportation	616,167	199,542	0	0	616,167	199,542
Capital Outlay	12,476	28,159	0	0	12,476	28,159
Principal Retirement	30,012	20,007	0	0	30,012	20,007
Water	0	0	581,486	456,725	581,486	456,725
Sewer	0	0	873,566	626,242	873,566	626,242
Total Disbursements	<u>1,582,885</u>	<u>1,133,744</u>	<u>1,455,052</u>	<u>1,082,967</u>	<u>3,037,937</u>	<u>2,216,711</u>
Change in Net Position	353,299	870,675	(21,202)	333,001	332,097	1,203,676
Net Position Beginning of Year	<u>1,415,464</u>	<u>544,789</u>	<u>1,342,742</u>	<u>1,009,741</u>	<u>2,758,206</u>	<u>1,554,530</u>
Net Position End 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>

Program receipts for governmental activities represent only 19.64 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, 2014  
Unaudited

General receipts for governmental activities represent 80.36 percent of the Village's total receipts, and of this amount, over 90 percent are local taxes. Grants and entitlements make up about 6 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 20.15 percent of the total general governmental disbursements of the Village in 2014.

**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 transportation and security of persons and property, which account for 38.93 and 33.85 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	
	2014	2013	2014	2013
General Government	\$318,903	\$280,041	(\$299,632)	(\$268,317)
Security of Persons and Property	535,800	528,524	(494,727)	(493,042)
Public Health Services	35,848	48,611	5,879	(10,722)
Leisure Time Activities	31,979	26,150	(5,273)	14,978
Basic Utility Services	1,700	2,710	(1,597)	(2,597)
Transportation	616,167	199,542	(364,773)	1,887
Capital Outlay	12,476	28,159	(12,476)	(28,159)
Principal Retirement	30,012	20,007	(30,012)	(20,007)
<b>Total Disbursements</b>	<b>\$1,582,885</b>	<b>\$1,133,744</b>	<b>(\$1,202,611)</b>	<b>(\$805,979)</b>

**Village of Newcomerstown, Ohio**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2014  
Unaudited

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**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 a decrease in net position of \$48,493 due to a small decrease in receipts and an increase in disbursements, mainly disbursements for debt service. The sewer fund had an increase in net position of \$27,291 because receipts continued to exceed disbursements, despite the increase in non-operating disbursements outpacing the increase in receipts. The increase in non-operating disbursements was caused by increased debt service payments.

**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 \$2,136,184 and disbursements and other financing uses of \$1,782,885. The general fund had receipts of \$1,189,618 and disbursements and other financing uses of \$1,072,888, for an increase of \$116,730. The street maintenance fund had receipts of \$199,435 and disbursements of \$137,843, for an increase of \$61,592. The street levy fund had receipts of \$408,740 and disbursements of \$500,818, for a decrease of \$92,078.

**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 2014, the Village did not amend the budgeted receipts. The actual receipts were \$31,598 more than the budgeted receipts, due mainly to income tax receipts coming in \$53,014 over budgeted receipts.

Original budgeted disbursements were equal to the final budgeted disbursements. Actual disbursements were \$379,014 less than final budgeted disbursements due to lower security of persons and property costs and lower overhead and support services costs than expected.

**Debt Administration**

At December 31, 2014, the Village had three OPWC loans outstanding in the amount of \$139,833 and four OWDA loans outstanding in the amount of \$3,326,101. See Note 11 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.

**Village of Newcomerstown, Ohio**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2014  
Unaudited

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**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.

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**Village of Newcomerstown, Ohio**  
**Tuscarawas County**  
*Statement of Net Position - Cash Basis*  
*December 31, 2014*

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,768,763	\$1,321,540	\$3,090,303
<b>Net Position</b>			
Restricted for:			
Capital Projects	\$44,661	\$0	\$44,661
Other Purposes	940,182	0	940,182
Unrestricted	783,920	1,321,540	2,105,460
<i>Total Net Position</i>	\$1,768,763	\$1,321,540	\$3,090,303

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, 2014*

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Operating Assessments	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
Current:				
General Government	\$318,903	\$19,271	\$0	\$0
Security of Persons and Property	535,800	32,858	4,096	4,119
Public Health Services	35,848	40,527	1,200	0
Leisure Time Activities	31,979	5,006	21,700	0
Basic Utility Services	1,700	103	0	0
Transportation	616,167	0	248,064	3,330
Capital Outlay	12,476	0	0	0
Debt Service:				
Principal Retirement	30,012	0	0	0
<i>Total Governmental Activities</i>	<u>1,582,885</u>	<u>97,765</u>	<u>275,060</u>	<u>7,449</u>
<b>Business-Type Activities</b>				
Water	581,486	529,710	0	0
Sewer	873,566	451,359	0	0
<i>Total Business-Type Activities</i>	<u>1,455,052</u>	<u>981,069</u>	<u>0</u>	<u>0</u>
Total	<u>\$3,037,937</u>	<u>\$1,078,834</u>	<u>\$275,060</u>	<u>\$7,449</u>

**General Receipts**

Property Taxes Levied for:

General Purposes

Other Purposes

Income Taxes Levied for:

General Purposes

Other Purposes

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
(\$299,632)	\$0	(\$299,632)
(494,727)	0	(494,727)
5,879	0	5,879
(5,273)	0	(5,273)
(1,597)	0	(1,597)
(364,773)	0	(364,773)
(12,476)	0	(12,476)
<u>(30,012)</u>	<u>0</u>	<u>(30,012)</u>
<u>(1,202,611)</u>	<u>0</u>	<u>(1,202,611)</u>
0	(51,776)	(51,776)
<u>0</u>	<u>(422,207)</u>	<u>(422,207)</u>
<u>0</u>	<u>(473,983)</u>	<u>(473,983)</u>
<u>(1,202,611)</u>	<u>(473,983)</u>	<u>(1,676,594)</u>
170,062	0	170,062
13,414	0	13,414
817,403	0	817,403
408,141	408,141	816,282
94,789	0	94,789
704	599	1,303
<u>51,397</u>	<u>44,041</u>	<u>95,438</u>
<u>1,555,910</u>	<u>452,781</u>	<u>2,008,691</u>
353,299	(21,202)	332,097
<u>1,415,464</u>	<u>1,342,742</u>	<u>2,758,206</u>
<u>\$1,768,763</u>	<u>\$1,321,540</u>	<u>\$3,090,303</u>

**Village of Newcomerstown, Ohio**  
**Tuscarawas County**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*December 31, 2014*

	<u>General</u>	<u>Street Maintenance</u>	<u>Street Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$768,943	\$118,395	\$559,137	\$322,288	\$1,768,763
<b>Fund Balances</b>					
Restricted	\$0	\$118,395	\$559,137	\$307,311	\$984,843
Committed	0	0	0	14,977	14,977
Assigned	12,571	0	0	0	12,571
Unassigned	756,372	0	0	0	756,372
<i>Total Fund Balances</i>	<u>\$768,943</u>	<u>\$118,395</u>	<u>\$559,137</u>	<u>\$322,288</u>	<u>\$1,768,763</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, 2014*

	General	Street Maintenance	Street Levy	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Income Taxes	\$817,403	\$0	\$408,141	\$0	\$1,225,544
Property Taxes	170,062	0	0	13,414	183,476
Charges for Services	25,782	0	0	39,150	64,932
Fines, Licenses and Permits	26,966	0	0	875	27,841
Intergovernmental	94,789	183,655	0	75,169	353,613
Rent	0	0	0	4,992	4,992
Contributions and Donations	21,700	0	0	1,985	23,685
Interest	0	0	599	105	704
Miscellaneous	32,916	15,780	0	2,701	51,397
<i>Total Receipts</i>	<u>1,189,618</u>	<u>199,435</u>	<u>408,740</u>	<u>138,391</u>	<u>1,936,184</u>
<b>Disbursements</b>					
Current:					
General Government	318,903	0	0	0	318,903
Security of Persons and Property	520,313	0	0	15,487	535,800
Public Health Services	1,500	0	0	34,348	35,848
Leisure Time Activities	30,472	0	0	1,507	31,979
Basic Utility Services	1,700	0	0	0	1,700
Transportation	0	137,843	470,806	7,518	616,167
Capital Outlay	0	0	0	12,476	12,476
Debt Service:					
Principal Retirement	0	0	30,012	0	30,012
<i>Total Disbursements</i>	<u>872,888</u>	<u>137,843</u>	<u>500,818</u>	<u>71,336</u>	<u>1,582,885</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>316,730</u>	<u>61,592</u>	<u>(92,078)</u>	<u>67,055</u>	<u>353,299</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	0	0	0	200,000	200,000
Transfers Out	(200,000)	0	0	0	(200,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(200,000)</u>	<u>0</u>	<u>0</u>	<u>200,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	116,730	61,592	(92,078)	267,055	353,299
<i>Fund Balance Beginning of Year</i>	<u>652,213</u>	<u>56,803</u>	<u>651,215</u>	<u>55,233</u>	<u>1,415,464</u>
<i>Fund Balance End of Year</i>	<u>\$768,943</u>	<u>\$118,395</u>	<u>\$559,137</u>	<u>\$322,288</u>	<u>\$1,768,763</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, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Income Taxes	\$764,389	\$764,389	\$817,403	\$53,014
Property Taxes	155,500	155,500	170,062	14,562
Fines, Licenses and Permits	30,365	30,365	26,966	(3,399)
Intergovernmental	118,102	118,102	94,789	(23,313)
Special Assessments	4,000	4,000	0	(4,000)
Contributions and Donations	600	600	0	(600)
Interest	650	650	0	(650)
Miscellaneous	36,925	36,925	32,909	(4,016)
<i>Total Receipts</i>	<u>1,110,531</u>	<u>1,110,531</u>	<u>1,142,129</u>	<u>31,598</u>
<b>Disbursements</b>				
Current:				
General Government	461,427	461,427	328,420	133,007
Security of Persons and Property	767,877	767,877	523,170	244,707
Public Health Services	1,500	1,500	1,500	0
Basic Utility Services	3,000	3,000	1,700	1,300
<i>Total Disbursements</i>	<u>1,233,804</u>	<u>1,233,804</u>	<u>854,790</u>	<u>379,014</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(123,273)	(123,273)	287,339	410,612
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(247,387)	(247,387)	(200,000)	47,387
<i>Net Change in Fund Balance</i>	(370,660)	(370,660)	87,339	457,999
<i>Fund Balance Beginning of Year</i>	521,426	521,426	521,426	0
Prior Year Encumbrances Appropriated	147,590	147,590	147,590	0
<i>Fund Balance End of Year</i>	<u>\$298,356</u>	<u>\$298,356</u>	<u>\$756,355</u>	<u>\$457,999</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, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$164,500	\$164,500	\$183,655	\$19,155
Miscellaneous	3,296	3,296	15,780	12,484
<i>Total Receipts</i>	167,796	167,796	199,435	31,639
<b>Disbursements</b>				
Current:				
Transportation	193,992	193,992	140,330	53,662
<i>Net Change in Fund Balance</i>	(26,196)	(26,196)	59,105	85,301
<i>Fund Balance Beginning of Year</i>	52,396	52,396	52,396	0
Prior Year Encumbrances Appropriated	4,407	4,407	4,407	0
<i>Fund Balance End of Year</i>	<u>\$30,607</u>	<u>\$30,607</u>	<u>\$115,908</u>	<u>\$85,301</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, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Income Tax	\$379,000	\$379,000	\$408,141	\$29,141
Interest	704	704	599	(105)
Miscellaneous	264	264	0	(264)
<i>Total Receipts</i>	379,968	379,968	408,740	28,772
<b>Disbursements</b>				
Current:				
Transportation	494,934	494,934	470,806	24,128
Debt Service:				
Principal Retirement	40,015	40,015	30,012	10,003
<i>Total Disbursements</i>	534,949	534,949	500,818	34,131
<i>Net Change in Fund Balance</i>	(154,981)	(154,981)	(92,078)	62,903
<i>Fund Balance Beginning of Year</i>	628,744	628,744	628,744	0
Prior Year Encumbrances Appropriated	22,471	22,471	22,471	0
<i>Fund Balance End of Year</i>	\$496,234	\$496,234	\$559,137	\$62,903

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, 2014*

	Business-Type Activities		Total
	Water	Sewer	Enterprise Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$247,393	\$1,074,147	\$1,321,540
<b>Net Position</b>			
Unrestricted	\$247,393	\$1,074,147	\$1,321,540

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, 2014*

	Business-Type Activities		
	Water	Sewer	Total Enterprise Funds
<b>Operating Receipts</b>			
Charges for Services	\$529,710	\$451,359	\$981,069
Other Operating Receipts	3,283	40,758	44,041
<i>Total Operating Receipts</i>	<u>532,993</u>	<u>492,117</u>	<u>1,025,110</u>
<b>Operating Disbursements</b>			
Personal Services	260,416	244,769	505,185
Contractual Services	115,995	163,224	279,219
Materials and Supplies	89,194	47,879	137,073
<i>Total Operating Disbursements</i>	<u>465,605</u>	<u>455,872</u>	<u>921,477</u>
<i>Operating Income</i>	<u>67,388</u>	<u>36,245</u>	<u>103,633</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Income Taxes	0	408,141	408,141
Interest	0	599	599
Principal Payments	(98,146)	(361,871)	(460,017)
Interest and Fiscal Charges	(17,735)	(55,823)	(73,558)
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	<u>(115,881)</u>	<u>(8,954)</u>	<u>(124,835)</u>
<i>Change in Net Position</i>	(48,493)	27,291	(21,202)
<i>Net Position Beginning of Year</i>	<u>295,886</u>	<u>1,046,856</u>	<u>1,342,742</u>
<i>Net Position End of Year</i>	<u><u>\$247,393</u></u>	<u><u>\$1,074,147</u></u>	<u><u>\$1,321,540</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, 2014*

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**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 12. 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, 2014*

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***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, 2014*

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***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, 2014*

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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 street levy fund during 2014 amounted to \$599, of which \$472 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 8 and 9, 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, 2014*

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***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, 2014*

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***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, 2014*

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Net Change in Fund Balances

	General	Street Maintenance	Street Levy
Cash Basis	\$116,730	\$61,592	(\$92,078)
Perspective Difference:			
Park Fund	(17,017)	0	0
Encumbrances	(12,374)	(2,487)	0
Budgetary Basis	\$87,339	\$59,105	(\$92,078)

**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, 2014*

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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, \$2,184,934 of the Village's bank balance of \$3,119,934 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 2014 for real and public utility property taxes represents collections of the 2013 taxes.

**Village of Newcomerstown, Ohio**  
**Tuscarawas County**  
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*For the Year Ended December 31, 2014*

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2014 real property taxes are levied after October 1, 2014, on the assessed values as of January 1, 2014, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2014 real property taxes are collected in and intended to finance 2015.

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. 2014 public utility property taxes which became a lien on December 31, 2013, are levied after October 1, 2014, and are collected in 2015 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2014, was \$2.50 per \$1,000 of assessed value. The assessed values of real property and public utility personal property upon which 2014 property tax receipts were based are as follows:

Real Property	\$44,989,830
Public Utility Property	<u>2,736,430</u>
Total	<u><u>\$47,726,260</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, 2014, the Village made transfers totaling \$200,000 from the general fund to the cemetery and capital improvement funds in the amounts of \$180,000 and \$20,000, 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 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Plan Description – The Village participates 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 in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

**Village of Newcomerstown, Ohio**  
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OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in state and local divisions. For the year ended December 31, 2013, members in state and local divisions contributed 10 percent of covered payroll (latest information available). For 2013, member and employer contribution rates were consistent across all three plans.

The Village's contribution rate for 2014 was 14 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. For 2013, the portion of employer contribution allocated to health care was 1 percent for members in both the Traditional Plan and the Combined Plan (latest information available). Employer contribution rates are actuarially determined.

The Village's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2014, 2013, and 2012, were \$63,699, \$72,764, and \$59,358, respectively. The full amount has been contributed for all years. No contributions were made to the Member-Directed Plan for 2014.

***Ohio Police and Fire Pension Fund***

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost sharing multiple-employer defined benefit pension plan. OP&F 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. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F's website at [www.op-f.org](http://www.op-f.org).

Funding Policy – Employer and employee contribution rates are set by the Ohio Revised Code. From January 1, 2014, through July 1, 2014, plan members were required to contribute 10.75 percent of their annual covered salary. From July 2, 2014, through December 31, 2014, plan members were required to contribute 11.5 percent of their annual covered salary. Throughout 2014, employers were required to contribute 19.5 percent for police officers.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. For June 1, 2013, through December 31, 2013, the portion of employer contributions used to fund pension benefits was 16.65 percent of covered payroll for police officers (latest information available). The Village's contributions to OP&F for police for the years ended December 31, 2014, 2013, and 2012, were \$48,194, \$28,659, and \$23,731, respectively. The full amount has been contributed for all years.

**Village of Newcomerstown, Ohio**  
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***Social Security System***

As of December 31, 2014, three village employees are covered by Social Security rather than OPERS. The Village's liability is 6.2 percent of wages paid.

**Note 9 – Postemployment Benefits**

***Ohio Public Employees Retirement System***

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension 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 post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 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 OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, state and local employers contributed at a rate of 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 of post-employment health care benefits. For 2014, the portion of employer contributions allocated to health care for members in both the Traditional Plan and the Combined Plan was 2 percent.

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 their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

**Village of Newcomerstown, Ohio**  
**Tuscarawas County**  
*Notes to the Basic Financial Statements*  
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The Village's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2014, 2013, and 2012, were \$4,900, \$5,597, and \$23,731, 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 19, 2012, with a transition plan that commenced January 1, 2014. With the recent 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 contributions toward the health care fund after the end of the transition period.

***Ohio Police and Fire Pension Fund***

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F 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.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F's website at [www.op-f.org](http://www.op-f.org).

Funding policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24 percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

OP&F 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 reimbursements administrated 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 OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For January 1, 2014, through December 31, 2014, the employer contribution allocated to the health care plan was 0.5 percent of covered payroll. The amount of employer contributions 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).

**Village of Newcomerstown, Ohio**  
**Tuscarawas County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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The OP&F Board of Trustees also is 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 contributions to OP&F which were allocated to fund postemployment healthcare benefits for police were \$8,249, \$6,526, and \$12,563, for the years ended December 31, 2014, 2013, and 2012, respectively. The full amount has been contributed for all years.

**Note 10 – 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 2014, the Village contracted with Scottsdale Indemnity Company for the various types of insurance coverage:

Type of Coverage	Coverage
Commercial Property	\$15,131,474
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 11 – Long-Term Obligations**

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
<b>Governmental Activities</b>			
OPWC Loans:			
State and Goodrich Streets Improvement	0.00 %	\$183,391	1/1/2020
Canal Street Improvements	0.00	124,500	7/1/2021
<b>Business-Type Activities</b>			
OPWC Loans:			
County Road 15 Pump Station	0.00	45,000	7/1/2027
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, 2014*

	Balance 12/31/13	Increase	Decrease	Balance 12/31/14	Amounts Due In One Year
<i>Governmental Activities</i>					
OPWC Loans Payable:					
State and Goodrich Streets Improvement	\$79,470	\$0	(\$18,340)	\$61,130	\$6,113
Canal Street Improvements	62,250	0	(11,672)	50,578	3,891
<i>Total Governmental Activities</i>	<u>\$141,720</u>	<u>\$0</u>	<u>(\$30,012)</u>	<u>\$111,708</u>	<u>\$10,004</u>
<i>Business-Type Activities</i>					
OPWC Loans Payable:					
County Road 15 Pump Station	\$31,500	\$0	(\$3,375)	\$28,125	\$1,125
OWDA Loans Payable:					
Water Treatment Plant	597,565	0	(98,146)	499,419	33,589
Wastewater Treatment Plant Improvements I	723,853	0	(68,265)	655,588	23,212
Wastewater Treatment Plant Improvements II	1,837,471	0	(227,886)	1,609,585	76,723
County Road 15 Pump Station	623,855	0	(62,346)	561,509	0
Total OWDA Loans Payable	<u>3,782,744</u>	<u>0</u>	<u>(456,643)</u>	<u>3,326,101</u>	<u>133,524</u>
<i>Total Business-Type Activities</i>	<u>\$3,814,244</u>	<u>\$0</u>	<u>(\$460,018)</u>	<u>\$3,354,226</u>	<u>\$134,649</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. A third loan from the Ohio Public Works Commission is for a pump station and will be repaid in semi-annual installments over 20 years.

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.

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

	Governmental		Business-Type Activities	
	Activities		Business-Type Activities	
	OPWC Loans	OPWC Loans	OWDA Loans	
	Principal	Principal	Principal	Interest
2015	\$10,004	\$1,125	\$133,524	\$19,598
2016	20,007	2,250	291,202	48,570
2017	20,007	2,250	317,953	38,106
2018	20,008	2,250	322,315	33,744
2019	20,007	2,250	326,744	29,315
2020-2024	21,675	11,250	1,506,579	80,800
2025-2028	0	6,750	427,784	9,946
Totals	<u>\$111,708</u>	<u>\$28,125</u>	<u>\$3,326,101</u>	<u>\$260,079</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 115 percent of net revenues and less than 15 percent of total revenues. The total principal and interest remaining to be paid on the debt is \$540,164, total net revenues were \$67,388, and total revenues were \$532,993.

**Village of Newcomerstown, Ohio**  
**Tuscarawas County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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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 2028. Annual principal and interest payments on the debt issues are expected to require less than 68 percent of net revenues and less than 34 percent of total revenues. The total principal and interest remaining to be paid on the debt is \$3,074,141, total net revenues were \$444,985, and total revenues were \$900,857.

**Note 12 – 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.

**Note 13 – 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 14 – 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.

**Village of Newcomerstown, Ohio**  
**Tuscarawas County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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**Note 15 – 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	\$118,395	\$559,137	\$174,089	\$851,621
Public Safety	0	0	0	32,339	32,339
Public Health	0	0	0	56,222	56,222
Capital Improvements	0	0	0	44,661	44,661
<i>Total Restricted</i>	0	118,395	559,137	307,311	984,843
<u>Committed to:</u>					
Capital Improvements	0	0	0	14,977	14,977
<u>Assigned to:</u>					
Purchases on Order	12,571	0	0	0	12,571
Unassigned	756,372	0	0	0	756,372
Total Fund Balances	<u>\$768,943</u>	<u>\$118,395</u>	<u>\$559,137</u>	<u>\$322,288</u>	<u>\$1,768,763</u>

**Note 16 – 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	\$12,374
Street Maintenance	2,487
Other Governmental Funds	4,837
Water	14,655
Sewer	29,683
Total	<u>\$64,036</u>

**Village of Newcomerstown, Ohio**  
**Tuscarawas County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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**Note 17 – Accountability and Compliance**

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

The Village did not make timely deposits with the Fiscal Officer or designated depository for the Mayor's Court receipts in noncompliance with Section 9.38 of the 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 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, 2014, 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 14, 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 two instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as 2014-001 and 2014-002.

***Entity's Response to Findings***

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

***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, 2014

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

Finding Number	2014-001
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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 55% 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.

Finding Number	2014-002
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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.

Funds collected by the Mayor's Court were held without being deposited within the required time.

By not making timely deposits with the Fiscal Officer or designated depository, the Mayor's Court is subject to an increased risk of loss.

We recommend that the Fiscal Officer monitor all department collections and ensure that monies are deposited in accordance with state statute. This will improve cash flow and reduce the risk of loss. Further guidance regarding specific dollar amounts may be found in the Ohio Compliance Supplement.

*Client's Response:* The Village is attempting to monitor the deposits more closely.

**VILLAGE OF NEWCOMERSTOWN  
TUSCARAWAS COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2014**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer</u> Valid; <i>Explain:</i></b>
2013-VON-001	Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires that any amendments to an appropriation measure be made by Council resolution and comply with the same provisions of the law as used in making the original appropriations. Expenditures exceeded appropriations.	Yes	N/A
2013-VON-002	Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated. The Village had expenditures exceeding appropriations in the General Fund, Water Fund and Sewer Fund.	Yes	N/A
2013-VON-003	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 2014-001
2013-VON-004	Ohio Revised Code Section 5705.10 in part requires that on a cash basis, no fund shall have a negative fund balance during the fiscal year or at fiscal year end. The Village maintained a negative cash fund balance in the Police Pension Fund.	Yes	N/A
2013-VON-005	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. Funds collected by the Mayor's Court and the Pool Department were held without being deposited within the required time.	No	Repeated as finding 2014-002

**VILLAGE OF NEWCOMERSTOWN  
TUSCARAWAS COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2014**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer</u> Valid; <i>Explain:</i></b>
2013-VON-006	<u>Significant Deficiency - Pool Receipts</u> - Daily pool documentations, such as daily sheets and sign in sheets, over pool activity are essential for the Village management to safeguard Village assets. The Village did not have 10 of 23 daily sheets for 2013.	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