



**VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Newcomerstown
Tuscarawas County
P.O. Box 151
Newcomerstown, Ohio 43832

To the Village Council:

We have audited the accompanying financial statements of the Village of Newcomerstown, Tuscarawas County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

As discussed in Note 10 to the financial statements, the Village has not complied with various statutes involving the Newcomerstown Landfill including the installation of a cap system for the Landfill at an estimated cost of \$1,705,000. On June 25, 2001, the OhioEPA referred the matter to the Office of the Ohio Attorney General.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2001 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of management, Village Council and other officials authorized to receive this report under 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

July 6, 2001

VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property Tax and Other Local Taxes	\$773,046	\$358,038		\$68,270		\$1,199,354
Intergovernmental	261,480	598,072		34,908		894,460
Charges for Services	923	48,048		2,125	\$3,038	54,134
Fines, Licenses, and Permits	27,856	726				28,582
Earnings on Investments	79,181				1,950	81,131
Miscellaneous	14,804	3,848		13,157	643	32,452
Total Cash Receipts	1,157,290	1,008,732		118,460	5,631	2,290,113
Cash Disbursements:						
Current:						
Security of Persons and Property	548,504	33,549			2,687	584,740
Public Health Services	1,884	72,400				74,284
Leisure Time Activities		50,106				50,106
Basic Utility Services	5,103					5,103
Transportation	43,062	434,809			2,310	480,181
General Government	284,335	579				284,914
Capital Outlay	82,506	490,922		209,481		782,909
Total Cash Disbursements	965,394	1,082,365		209,481	4,997	2,262,237
Total Cash Receipts Over/(Under) Cash Disbursements	191,896	(73,633)		(91,021)	634	27,876
Other Financing Receipts/(Disbursements):						
Sale of Fixed Assets	238	40				278
Other Sources					1,640	1,640
Other Uses	(38,654)					(38,654)
Transfers-In	74,947	105,700		75,000		255,647
Advances-In				60,000		60,000
Transfers-Out	(180,700)		(\$74,947)			(255,647)
Advances-Out				(60,000)		(60,000)
Total Other Financing Receipts/(Disbursements)	(144,169)	105,740	(74,947)	75,000	1,640	(36,736)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	47,727	32,107	(74,947)	(16,021)	2,274	(8,860)
Fund Cash Balances, January 1	342,743	671,631	74,947	136,428	42,433	1,268,182
Fund Cash Balances, December 31	\$390,470	\$703,738	\$0	\$120,407	\$44,707	\$1,259,322
Reserves for Encumbrances, December 31	\$1,796	\$80,360	\$0	\$1,494	\$200	\$83,850

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

VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property Tax and Other Local Taxes	\$728,056	\$333,382		\$54,577		\$1,116,015
Intergovernmental	315,651	118,501		16,545		450,697
Charges for Services	1,041	44,308		1,885	\$1,673	48,907
Fines, Licenses, and Permits	33,006	2,934				35,940
Earnings on Investments	81,073				2,112	83,185
Miscellaneous	13,932	5,368		5,022	1,724	26,046
Total Cash Receipts	1,172,759	504,493		78,029	5,509	1,760,790
Cash Disbursements:						
Current:						
Security of Persons and Property	527,309	34,944			8,303	570,556
Public Health Services	1,881	74,616				76,497
Leisure Time Activities		56,689				56,689
Basic Utility Services	5,218					5,218
Transportation	43,931	166,609				210,540
General Government	368,980					368,980
Debt Service:						
Principal Payments				\$511,034		511,034
Interest Payments				39,576		39,576
Capital Outlay	14,483			203,053		217,536
Total Cash Disbursements	961,802	332,858	550,610	203,053	8,303	2,056,626
Total Cash Receipts Over/(Under) Cash Disbursements	210,957	171,635	(550,610)	(125,024)	(2,794)	(295,836)
Other Financing Receipts/(Disbursements):						
Transfers-In		115,500		110,000		225,500
Advances-In				60,000		60,000
Transfers-Out	(225,500)					(225,500)
Advances-Out				(60,000)		(60,000)
Total Other Financing Receipts/(Disbursements)	(225,500)	115,500		110,000		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(14,543)	287,135	(550,610)	(15,024)	(2,794)	(295,836)
Fund Cash Balances, January 1	357,286	384,496	625,557	151,452	45,227	1,564,018
Fund Cash Balances, December 31	\$342,743	\$671,631	\$74,947	\$136,428	\$42,433	\$1,268,182
Reserves for Encumbrances, December 31	\$36,438	\$260	\$0	\$15,978	\$60	\$52,736

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

**VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ENTERPRISE FUND
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

	2000	1999
Operating Cash Receipts:		
Charges for Services	\$933,170	\$881,553
Operating Cash Disbursements:		
Personal Services	357,694	393,790
Travel Transportation	14	33
Contractual Services	223,251	206,531
Supplies and Materials	103,003	118,346
Capital Outlay	104,499	48,963
Total Operating Cash Disbursements	788,461	767,663
Operating Income	144,709	113,890
Non-Operating Cash Receipts:		
Proceeds of Notes	125,000	150,000
Other Non-Operating Receipts	17,668	59,843
Total Non-Operating Cash Receipts	142,668	209,843
Non-Operating Cash Disbursements:		
Debt Service	280,302	233,093
Other Non-Operating Cash Disbursements		39,296
Total Non-Operating Cash Disbursements	280,302	272,389
Net Receipts Over Disbursements	7,075	51,344
Fund Cash Balances, January 1	447,140	395,796
Fund Cash Balances, December 31	\$454,215	\$447,140
Reserve for Encumbrances, December 31	\$10,962	\$13,285

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

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**VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Investments

Certificates of deposit are valued at cost.

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

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

**VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

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

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

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

3. Debt Service Fund

This fund is used to account for the accumulation of resources for, and the payment of, note indebtedness. The Village had the following significant Debt Service Fund:

OWDA Fund - This fund is used to account for receipts generated from an income tax levy to repay a loan from the Ohio Water Development Authority which was obtained to fund a sewer line expansion.

4. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Water Works Construction Fund - This fund is used to account for proceeds from the Ohio Water Development Authority and Ohio Public Works Commission Issue II funds. These funds are used for the water treatment plant.

5. Enterprise Funds

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

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

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

**VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

5. Enterprise Funds (Continued)

Water Well Field Fund - This fund is used to account for charges for services to cover the cost of maintaining the water well field.

6. Fiduciary Funds (Trust)

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

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

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

**VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$179,152	\$150,510
Certificates of deposit	1,160,125	1,060,404
Cash on hand	<u>640</u>	<u>640</u>
Total deposits	<u>1,339,917</u>	<u>1,211,554</u>
Repurchase Agreement	<u>373,620</u>	<u>503,768</u>
Total deposits and investments	<u>\$1,713,537</u>	<u>\$1,715,322</u>

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

Investments: Repurchase agreements are uninsured and unregistered investments which are held by the counterparty, or by the bank's trust department or agent but not in the Village's name.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,234,685	\$1,232,475	(\$2,210)
Special Revenue	608,700	1,114,472	505,772
Debt Service	1,000	0	(1,000)
Capital Project	195,000	253,460	58,460
Enterprise	1,039,600	1,075,838	36,238
Expendable Trust	<u>6,600</u>	<u>7,271</u>	<u>671</u>
Total	<u>\$3,085,585</u>	<u>\$3,683,516</u>	<u>\$597,931</u>

**VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,577,338	\$1,186,544	\$390,794
Special Revenue	1,280,060	1,162,725	117,335
Debt Service	75,900	74,947	953
Capital Projects	331,228	270,975	60,253
Enterprise	1,486,485	1,079,725	406,760
Expendable Trust	<u>48,960</u>	<u>5,197</u>	<u>43,763</u>
Total	<u>\$4,799,971</u>	<u>\$3,780,113</u>	<u>\$1,019,858</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$961,809	\$1,172,759	\$210,950
Special Revenue	529,750	619,993	90,243
Debt Service	50,000	0	(50,000)
Capital Projects	81,900	248,029	166,129
Enterprise	1,175,200	1,091,396	(83,804)
Expendable Trust	<u>5,500</u>	<u>5,509</u>	<u>9</u>
Total	<u>\$2,804,159</u>	<u>\$3,137,686</u>	<u>\$333,527</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,297,218	\$1,223,740	\$73,478
Special Revenue	862,795	333,118	529,677
Debt Service	555,000	550,610	4,390
Capital Projects	437,414	279,031	158,383
Enterprise	1,577,148	1,053,337	523,811
Expendable Trust	<u>50,650</u>	<u>8,363</u>	<u>42,287</u>
Total	<u>\$4,780,225</u>	<u>\$3,448,199</u>	<u>\$1,332,026</u>

Contrary to Ohio Rev. Code Section 5705.41(D), the Village did not always certify the availability of funds prior to incurring the purchase obligation.

Contrary to Ohio Rev. Code Section 5705.41(B), expenditures exceeded appropriations for various expenditures made throughout 1999.

Contrary to Ohio Rev. Code Section 5705.39, total appropriations exceed total estimated resources in several funds during 2000 and 1999.

**VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Sanitary Sewer System Bond Anticipation Note	\$125,000	4.95%
Ohio Water Development Authority Loan No. 248	1,312,692	2.00
Ohio Water Development Authority Loan No. 421SRF	67,857	2.00
Total	\$1,505,549	

OWDA loan No. 248 relates to the construction of a Water Treatment Plant. The OWDA has approved up to \$1,526,544 in loans to the Village for this project. The loan will be repaid in annual installments of \$78,190, including principal and interest, over 25 years. The OWDA had approved a loan (No. 421SRF) for \$138,249 for the supplemental costs related to the construction of the Water Treatment Plant. Payments on this five year loan are required to be made semi-annually.

The Sanitary Sewer System Bond Anticipation Note was issued for the purpose of improving the sanitary sewer system. This Note is reduced by the amount of principal paid by the Village and the principal balance is rolled over annually.

**VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. DEBT (Continued)

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

Year ending December 31:	OWDA Loan Water Treatment Plant
2001	\$106,516
2002	106,516
2003	89,615
2004	77,166
2005	77,166
Subsequent	<u>1,234,656</u>
Total	<u>\$1,691,635</u>

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Fund (PFDPF). Some elected officials and other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of the PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 10.84% for 2000 and 13.55% for 1999 of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

The Village also provides health insurance and vision coverage to full-time employees through a private carrier. The Village provides dental coverage through self-insurance, paying a maximum of \$700 per employee annually.

**VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

8. JOINTLY GOVERNED ORGANIZATIONS

- A. The Village is associated with the Tuscarawas County Regional Planning Commission (Commission) as a jointly governed organization. The Commission is a statutorily created political subdivision of the State. The Commission is jointly governed among Tuscarawas municipalities and townships. Each member's control over the operation of the Commission is limited to its representation on the Board. The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economical and governmental characteristics, functions and services of the county. The Village contributed \$401 in 2000 and 1999, respectively to the Commission.
- B. The Tuscarawas County Tax Incentive Review Council (Council) is a jointly governed organization, created as a regional council of governments pursuant to State statutes. The Council has 22 members, consisting of three members appointed by the Tuscarawas County Commissioners, four members appointed by municipal corporations, six member appointed by boards of education located within the County. The Council reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the Council can make written recommendations to the legislative authority who approved the agreement. There is no cost associated with being a member of the Council. The continued existence of the Council is not dependent upon the Village's continued participation and no measurable equity interest exists.

9. CONTINGENT LIABILITIES

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

10. ENVIRONMENTAL REMEDIATION

The Village was the operator and license holder for the Newcomerstown Landfill (Landfill). The Village operated the Landfill from approximately 1969 to December 31, 1984. Pursuant to various Ohio Administrative Code (OAC) Rules, dating back to July 29, 1976, the Village was required to complete certain actions pertaining to the Landfill. In particular, OAC Rule 3745-27-10 requires the installation of a cap system for the Landfill. The cost of the Landfill Cap, as estimated by the Ohio Water Pollution Control Loan Fund, Draft Program Management Plan for program year 2001, is approximately \$1,705,000.

Since 1994, several attempts have been made by the OhioEPA and the Village to reach an agreement concerning outstanding issues at the Landfill. On April 16, 2001, the OhioEPA outlined the outstanding issues, the steps needed to be taken, and a timetable to be followed by the Village in order to achieve compliance with Ohio Revised Code Chapter 3734. On May 21, 2001, the Village requested an extension from the OhioEPA.. On June 25, 2001, the OhioEPA denied the extension and referred the matter to the Office of the Ohio Attorney General.



STATE OF OHIO
OFFICE OF THE AUDITOR

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

Village of Newcomerstown
Tuscarawas County
P.O. Box 151
Newcomerstown, Ohio 43832

To the Village Council:

We have audited the accompanying financial statements of the Village of Newcomerstown, Tuscarawas County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 6, 2001, in which we noted the Village has not complied with various statutes involving the Newscomerstown Landfill, including the installation of a cap system at an estimated cost of \$1,705,000. On June 25, 2001, the OhioEPA referred the matter to the Office of the Ohio Attorney General. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2000-31279-001 through 2000-31279-003. We also noted other certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 6, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated July 6, 2001.

Village of Newcomerstown
Tuscarawas County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended for the information and use of management and the Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

July 6, 2001

VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

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

FINDING NUMBER 2000-31279-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) states, in part, that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon. This section also provides two "exceptions" to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- B. If the amount involved is less than \$1,000, the Clerk/Treasurer may authorize payment through a Then and Now Certificate without the affirmation of Village Council, if such expenditures is otherwise valid.

Of the expenditures tested, 20% were not certified by the Clerk/Treasurer prior to incurring the purchase obligations. It was also found that neither of the 2 exceptions above were utilized for the items found to be in non-compliance. The Village should inform all employees of the requirements of Ohio Rev. Code Section 5705.41(D) and the importance of certifying the availability of funds. The Village should implement the use of so called Then and Now certificates and Blanket Certificates as further permitted by Ohio Rev. Code Section 5705.41. However, such certifications should only be used for recurring and reasonably predictable matters or emergency matters which may arise from time to time.

FINDING NUMBER 2000-31279-002

Noncompliance Citation

Ohio Rev. Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated fund resources from each fund. This section also requires the Village to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

During 1999, total appropriations exceeded total estimated resources at year-end as follows:

Fund	Estimated Resources	Appropriations	Variance
Special Revenue Fund Type			
Cemetery Fund	\$72,225	\$80,700	(\$8,475)
Park Fund	51,580	59,550	(7,970)
Capital Projects Fund Type			
Capital Improvement Fund	168,760	275,650	(106,890)
Cy Young Park Fund	64,592	67,750	(3,158)
Enterprise Fund Type			
Sewer Fund	557,876	560,000	(2,124)
Water R & I Fund	353,847	380,800	(26,953)

During 2000 total appropriations exceeded total estimated resources in the Enterprise Sewer Funds by \$149,956.

The Village should monitor appropriations versus estimated resources to help avoid overspending. In addition, the Clerk/Treasurer should obtain the required certificate from the County Auditor when amending appropriations and estimated resources.

FINDING NUMBER 2000-31279-003

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) requires that no subdivision or taxing unit is to expend money unless it has been appropriated.

During 2000 and 1999, 33% of the expenditures tested did not have appropriations available, at the legal level of control, at the time the expenditure was made. In addition, on behalf expenditures made by Tuscarawas County were not appropriated for by the Village, in the amount of \$480,996. The Village's financial statements have been adjusted to reflect the on-behalf contributions.

FINDING NUMBER 2000-31279-003
(Continued)

Noncompliance Citation (Continued)

The Clerk/Treasurer should frequently compare actual expenditures plus outstanding encumbrances to appropriations to avoid potential overspending. All on-behalf contributions should be posted timely to the Village's records and should be budgeted for, as if the funds were actually received and expended by the Village.

**VILLAGE OF NEWCOMERSTOWN
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
1998-31279-001	Ohio Rev. Code Section 5705.41 (B) appropriations were not available at the time the expenditure was made.	No	Not Corrected. See Finding number 2000-31279-003.
1998-31279-002	Ohio Rev. Code Section 5705.41 (D) expenditures were not certified by the Clerk/Treasurer prior to incurring the purchase obligation.	No	Not Corrected. See Finding number 2000-31279-001.



STATE OF OHIO
OFFICE OF THE AUDITOR

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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 21, 2001**