



**Auditor of State  
Betty Montgomery**



VILLAGE OF NEWCOMERSTOWN  
TUSCARAWAS COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Village of Newcomerstown  
Tuscarawas County  
124 W. Church Street  
PO 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, 2002 and 2001. 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 generally accepted accounting principles.

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, 2002 and 2001, and its combined cash receipts and disbursements for the years 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 \$4,100,000. On June 25, 2001, the Ohio EPA referred the matter to the Office of the Ohio Attorney General.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2003 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

Village of Newcomerstown  
Tuscarawas County  
Independent Accountants' Report  
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This report is intended solely for the information and use of the audit committee, 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

February 26, 2003

**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, 2002**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$812,436	\$369,371	\$11,074	\$0	\$1,192,881
Intergovernmental	290,492	129,725	8,706		428,923
Charges for Services	949	47,077	3,285	2,588	53,899
Fines, Licenses, and Permits	32,351	1,541			33,892
Earnings on Investments	45,026	235		1,512	46,773
Miscellaneous	21,053	10,446	3,379	1,478	36,356
<b>Total Cash Receipts</b>	<u>1,202,307</u>	<u>558,395</u>	<u>26,444</u>	<u>5,578</u>	<u>1,792,724</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	717,363	58,405			775,768
Public Health Services	8,116	88,770		250	97,136
Leisure Time Activities	428	62,061			62,489
Community Environment			81		81
Transportation	67,820	355,749			423,569
General Government	409,627				409,627
Debt Service:					
Principal Payments	28,248				28,248
Interest Payments	1,102				1,102
Capital Outlay	37,584	8,500	35,849	3,252	85,185
<b>Total Cash Disbursements</b>	<u>1,270,288</u>	<u>573,485</u>	<u>35,930</u>	<u>3,502</u>	<u>1,883,205</u>
Total Receipts Over/(Under) Disbursements	<u>(67,981)</u>	<u>(15,090)</u>	<u>(9,486)</u>	<u>2,076</u>	<u>(90,481)</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In		138,300	16,200		154,500
Transfers-Out	(154,500)	0	0	0	(154,500)
Other Financing Uses				(331)	(331)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(154,500)</u>	<u>138,300</u>	<u>16,200</u>	<u>(331)</u>	<u>(331)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(222,481)	123,210	6,714	1,745	(90,812)
Fund Cash Balances, January 1	406,091	828,784	16,482	43,081	1,294,438
<b>Fund Cash Balances, December 31</b>	<u><b>\$183,610</b></u>	<u><b>\$951,994</b></u>	<u><b>\$23,196</b></u>	<u><b>\$44,826</b></u>	<u><b>\$1,203,626</b></u>
Reserves for Encumbrances, December 31	<u>\$200</u>	<u>\$7,336</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,536</u>

*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, 2001**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$810,078	\$376,144	\$10,000	\$0	\$1,196,222
Intergovernmental	363,300	142,822	275,041		781,163
Charges for Services	1,301	45,937	2,475	2,123	51,836
Fines, Licenses, and Permits	35,011	1,405			36,416
Earnings on Investments	90,408	3,851		2,561	96,820
Miscellaneous	58,882	2,216	13,406	1,444	75,948
<b>Total Cash Receipts</b>	<b>1,358,980</b>	<b>572,375</b>	<b>300,922</b>	<b>6,128</b>	<b>2,238,405</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	644,561	49,175			693,736
Public Health Services	9,079	76,734			85,813
Leisure Time Activities		80,845		6,729	87,574
Transportation	52,075	361,075		1,025	414,175
General Government	376,983				376,983
Debt Service:					
Principal Payments	27,636				27,636
Interest Payments	1,714				1,714
Capital Outlay	52,096		404,847		456,943
<b>Total Cash Disbursements</b>	<b>1,164,144</b>	<b>567,829</b>	<b>404,847</b>	<b>7,754</b>	<b>2,144,574</b>
Total Receipts Over/(Under) Disbursements	194,836	4,546	(103,925)	(1,626)	93,831
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In		120,500			120,500
Transfers-Out	(179,215)				(179,215)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(179,215)</b>	<b>120,500</b>	<b>0</b>	<b>0</b>	<b>(58,715)</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	15,621	125,046	(103,925)	(1,626)	35,116
Fund Cash Balances, January 1	390,470	703,738	120,407	44,707	1,259,322
<b>Fund Cash Balances, December 31</b>	<b>\$406,091</b>	<b>\$828,784</b>	<b>\$16,482</b>	<b>\$43,081</b>	<b>\$1,294,438</b>
Reserves for Encumbrances, December 31	\$10,638	\$90	\$0	\$0	\$10,728

*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 FUNDS  
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	<b>2002</b>	<b>2001</b>
<b>Operating Cash Receipts:</b>		
Charges for Services	\$956,238	\$947,203
Miscellaneous	30,268	1,300
	986,506	948,503
<b>Operating Cash Disbursements:</b>		
Personal Services	523,604	394,364
Travel Transportation	913	15
Contractual Services	1,761,015	307,923
Supplies and Materials	115,970	105,549
Capital Outlay	22,128	8,654
	2,423,630	816,505
Operating Income/(Loss)	(1,437,124)	131,998
<b>Non-Operating Cash Receipts:</b>		
Intergovernmental Receipts		72,091
Proceeds from Notes	1,503,652	100,000
Local Taxes	242,721	
	1,746,373	172,091
<b>Non-Operating Cash Disbursements:</b>		
Debt Service	(237,791)	(208,336)
Excess of Receipts Over Disbursements Before Interfund Transfers and Advances	71,458	95,753
Transfers-In		58,715
Advances-In		30,300
Advances-Out		(30,300)
	71,458	154,468
Net Receipts Over Disbursements	71,458	154,468
Fund Cash Balances, January 1	608,683	454,215
<b>Fund Cash Balances, December 31</b>	<b>\$680,141</b>	<b>\$608,683</b>
Reserves for Encumbrances, December 31	\$288,449	\$6,813

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

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**VILLAGE OF NEWCOMERSTOWN  
TUSCARAWAWS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**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**

The Village maintains all cash in an interest bearing checking account, certificates of deposit, and Repurchase Agreements which are valued at cost.

**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 has the following significant Special Revenue Funds:

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

**VILLAGE OF NEWCOMERSTOWN  
TUSCARAWAWS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(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 and park.

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. 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 Capital Projects fund:

Cy Young Park Improvement Fund - This fund is used to account for funds received for the park.

**4. Fiduciary Fund (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.

**5. Enterprise Funds**

These funds 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 has 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  
TUSCARAWAWS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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, and appropriations may not exceed estimated resources. The Village Council must annually approve the appropriation measure and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 2002 and 2001 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.

**G. Accumulated Leave**

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

**VILLAGE OF NEWCOMERSTOWN  
TUSCARAWAWS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**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:

	2002	2001
Demand deposits	\$235,437	\$246,588
Certificates of deposits	1,523,633	1,185,392
Cash on hand	590	590
Total deposits	1,759,660	1,432,570
Repurchase agreement	124,107	470,551
Total deposits and investments	\$1,883,767	\$1,903,121

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,183,103	\$1,202,307	\$19,204
Special Revenue	764,475	696,695	(\$67,780)
Capital Projects	42,660	42,644	(\$16)
Expendable Trust	6,500	5,578	(\$922)
Enterprise	3,129,400	2,732,879	(\$396,521)
Total	\$5,126,138	\$4,680,103	(\$446,035)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,578,550	\$1,424,988	\$153,562
Special Revenue	1,573,050	580,821	992,229
Capital Projects	59,110	35,930	23,180
Expendable Trust	49,575	3,502	46,073
Enterprise	3,791,225	2,949,870	841,355
Total	\$7,051,510	\$4,995,111	\$2,056,399

**VILLAGE OF NEWCOMERSTOWN  
TUSCARAWAWS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,304,331	\$1,358,980	\$54,649
Special Revenue	637,900	692,875	54,975
Capital Projects	300,045	300,922	877
Expendable Trust	5,000	6,128	1,128
Enterprise	1,089,900	1,209,609	119,709
Total	\$3,337,176	\$3,568,514	\$231,338

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,660,500	\$1,353,997	\$306,503
Special Revenue	1,261,200	567,919	693,281
Capital Projects	418,945	404,847	14,098
Expendable Trust	49,500	7,754	41,746
Enterprise	1,440,025	1,031,654	408,371
Total	\$4,830,170	\$3,366,171	\$1,463,999

Contrary to Ohio Rev. Code Section 5705.41(B), expenditures exceeded appropriations in the Sewer R & I during the year.

Contrary to Ohio Rev. Code Section 5705.10, the Village had negative cash fund balances throughout the years.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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.

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.

VILLAGE OF NEWCOMERSTOWN  
TUSCARAWAWS COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)

5. LOCAL INCOME TAX

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.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. DEBT

Debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan No. 3529	\$1,148,695	2.00%
Ohio Water Development Authority Loan No. 2829	1,209,848	2.00%
Ohio Water Development Authority Loan No. 2429	28,873	2.20%
Ohio Water Development Authority Loan No. 3368	<u>23,249</u>	6.03%
Total	<u>\$2,410,665</u>	

OWDA loans No. 2829 and No. 3529 relate to the construction of a Water Treatment Plant. These loans will be repaid in annual installments over 25 years. The OWDA approved loan (No. 2429) 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. OWDA loan (No. 3368) for \$23,249 is related to the construction cost of the Water Treatment Plant phase II in which all of the monies have not been drawn yet.



**VILLAGE OF NEWCOMERSTOWN  
TUSCARAWAWS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**6. DEBT (Continued)**

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

Year ending December 31:	OWDA LoanWater Treatment Plant
2003	\$166,052
2004	136,704
2005	136,702
2006	159,952
2007	136,704
Subsequent	<u>2,241,304</u>
Total	<u>\$2,977,418</u>

**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.

**8. JOINTLY GOVERNED ORGANIZATIONS**

- A. The Village is associated with the Tuscarawas County Regional Planning Commission as a Jointly Governed Organization. The Commission is a statutorily created political subdivision of the State. The Commission is jointly governed among Tuscarawas 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 2002 and 2001 to the Regional Planning Commission.

**VILLAGE OF NEWCOMERSTOWN  
TUSCARAWAWS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**8. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

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 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 interest exists.

**9. RETIREMENT SYSTEMS**

The Village's law enforcement officers and firefighters belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, are survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant and 24% of fire participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Village has paid all contributions required through December 31, 2002.

**10. 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.

**11. ENVIRONMENTAL MEDIATION**

The Village was the operator and license holder for the Newcomerstown Landfill (Landfill). The Village operated the Landfill from approximately 1969 until 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 2002, is \$4.1 million.

Since 1994, several attempts have been made by the OhioEPA and the Village to reach an agreement concerning outstanding issues at the Landfill. On June 25, 2001, the OhioEPA referred the matter to the office of the Ohio Attorney General. A letter, dated December 30, 2002, from the OhioEPA outlines the outstanding issues and 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. As of February 26, 2003, the Village has not secured funding to close the landfill to comply with the OhioEPA requirements.



## **Auditor of State Betty Montgomery**

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

Village of Newcomerstown  
Tuscarawas County  
124 W. Church Street  
PO 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, 2002 and 2001, and have issued our report thereon dated February 26, 2003, in which we noted the Village has not complied with various statutes involving the Newcomerstown Landfill, including the installation of a cap system at an estimated cost of \$4,100,000. 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 the 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 2002-31279-001 through 2002-31279-002.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated February 26, 2003.

#### **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 February 26, 2003.

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Village of Newcomerstown  
Tuscarawas County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

February 26, 2003

VILLAGE OF NEWCOMERSTOWN  
TUSCARAWAS COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001

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

NONCOMPLIANCE CITATIONS

FINDING NUMBER 2002-31279-001

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

At January 31, 2002, the Enterprise Sewer R&I Fund expenditures totaling nearly \$1.78 million exceeded the appropriation measure by \$1.71 million roughly.

The Village should frequently monitor expenditures against appropriations in order to avoid overspending.

FINDING NUMBER 2002-31279-002

Ohio Rev. Code Section 5705.10 requires that monies paid into any fund be used only for the purposes for which such fund is established. Negative cash fund balances are an indication that receipts from other sources were used to pay obligations of these funds. The Village maintained negative cash fund deficits in the following funds at various times throughout the year:

Special Revenue Funds:

Street M & R Fund (June 02)	\$11,042
Park Fund (October 01)	15,812
Park Fund (September 01)	13,475

Enterprise Funds:

Sewer Fund (June 02)	20,045
Sewer Fund (April 02)	3,161

Fund activity should be monitored to prevent future expenditures in excess of available resources. In those cases where additional funds are required, the resources should either be transferred or advanced to the fund in accordance with the Ohio Rev. Code.

**VILLAGE OF NEWCOMERSTOWN  
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain:</b></i>
2000-31279-001	<b>Ohio Revised Code Section 5705.41(D)</b> , The Clerk/Treasurer did not always certify the availability of funds prior to incurring the obligation.	No	Partially Corrected. See Management Letter.
2000-31279-002	<b>Ohio Revised Code Section 5705.39</b> , Appropriations exceeded total estimated resources in numerous funds	Yes	This issue was corrected during our audit.
2000-31279-003	<b>Ohio Revised Code Section 5705.41 (B)</b> , Expenditures exceeded appropriations.	No	Not corrected. See Finding number 2002-31279-001



**Auditor of State  
Betty Montgomery**

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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  
MAY 15, 2003**