



**NEWCOMERSTOWN COMMUNITY IMPROVEMENT CORPORATION
TUSCARAWAS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2002-2001



**Auditor of State
Betty Montgomery**

**NEWCOMERSTOWN COMMUNITY IMPROVEMENT CORPORATION
TUSCARAWAS COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Balance Sheets For the Years Ended December 31, 2002 and 2001	3
Statements of Revenues, Expenses, and Changes in Retained Earnings/Accumulated Deficit For the Years Ended December 31, 2002 and 2001	4
Statements of Cash Flows	5
Notes to the Financial Statements	7
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	9

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board Members:

We have audited the accompanying financial statements of the Newcomerstown Community Improvement Corporation, Tuscarawas County, Ohio, (the Corporation) as of and for the years ended December 31, 2002 and 2001 as listed in the Table of Contents. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2003, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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 audit.

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Betty Montgomery
Auditor of State

May 21, 2003

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**NEWCOMERSTOWN COMMUNITY IMPROVEMENT CORPORATION
TUSCARAWAS COUNTY**

**BALANCE SHEETS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

<u>ASSETS</u>	<u>2002</u>	<u>2001</u>
Current Assets		
Cash and Cash Equivalents	\$96,913	\$105,738
Non Current Assets		
Land	<u>2,245,066</u>	<u>2,245,066</u>
Total Assets	<u><u>\$2,341,979</u></u>	<u><u>\$2,350,804</u></u>
<u>LIABILITIES AND EQUITY</u>		
Current Liabilities:		
Accrued Interest	\$171,849	\$99,000
Long-term Liabilities		
Note Payable - Tuscarawas County	<u>2,200,000</u>	<u>2,200,000</u>
Total Liabilities	2,371,849	2,299,000
Equity		
Retained Earnings/Accumulated Deficit	<u>(29,870)</u>	<u>51,804</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$2,341,979</u></u>	<u><u>\$2,350,804</u></u>

The accompanying notes are an integral part of the financial statements.

**NEWCOMERSTOWN COMMUNITY IMPROVEMENT CORPORATION
TUSCARAWAS COUNTY**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN
RETAINED EARNINGS/ACCUMULATED DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	2002	2001
Operating Revenues		
Rental Income	\$21,485	\$4,805
Miscellaneous	9	
	21,494	4,805
Total Operating Revenue		
Operating Expenses		
Materials and Supplies	955	136
Purchased Services	11,060	4,926
Other Expenses	3,543	1,259
	15,558	6,321
Total Operating Expenses		
Operating Income (Loss)	5,936	(1,516)
Non-Operating Revenues (Expenses)		
Interest Income	2,096	14,030
Option Deposits		7,500
State Restricted Grant		5,000
Interest and Fiscal Charges	(89,706)	(99,000)
	(87,610)	(72,470)
Total Non-Operating Revenues (Expenses)		
Net Loss	(81,674)	(73,986)
Retained Earnings Beginning of Year	51,804	125,790
Retained Earnings/Accumulated Deficit End of Year	(\$29,870)	\$51,804

The accompanying notes are an integral part of the financial statements.

**NEWCOMERSTOWN COMMUNITY IMPROVEMENT CORPORATION
TUSCARAWAS COUNTY**

**STATEMENTS OF CASH FLOWS
FOR THE YEARS END DECEMBER 31, 2002 AND 2001**

	2002	2001
Cash Flows from Operating Activities		
Cash Received from Leases	\$21,485	\$4,805
Cash Payments to Suppliers for Goods and Services	(4,498)	(9,995)
Cash Payments for Purchase Services	(11,060)	(4,926)
Other Operating Revenue	9	
	<u>5,936</u>	<u>(10,116)</u>
Net Cash Provided by (Used for) Operating Activities		
Cash Flows from Noncapital Financing Activities		
State Restricted Grants		5,000
		<u>5,000</u>
Net Cash Provided by Noncapital Financing Activities	<u>0</u>	<u>5,000</u>
Cash Flows from Capital and Related Financing Activities		
Note Proceeds		2,200,000
Option Deposits		7,500
Debt Interest Payment	(16,857)	
Fixed Asset Purchases		(2,181,270)
		<u>(2,181,270)</u>
Cash Inflows from Investing Activities		
Interest Income	2,096	14,030
	<u>2,096</u>	<u>14,030</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(8,825)</u>	<u>35,144</u>
Cash and Cash Equivalents at Beginning of Year	<u>105,738</u>	<u>70,594</u>
Cash and Cash Equivalents at End of Yea	<u>\$96,913</u>	<u>\$105,738</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by (Used for) Operating Activities		
Operating Income (Loss)	5,936	(1,516)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities		
Changes in Assets and Liabilities		
Decrease in Accounts Payable		(8,600)
		<u>(8,600)</u>
Total Adjustments	<u>0</u>	<u>(8,600)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$5,936</u>	<u>(\$10,116)</u>

The accompanying notes are an integral part of the financial statements.

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**NEWCOMERSTOWN COMMUNITY IMPROVEMENT CORPORATION
TUSCARAWAS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Newcomerstown Community Improvement Corporation, Tuscarawas County, Ohio, (the Corporation) was established to promote commercial and industrial development in the Village of Newcomerstown, Ohio and the surrounding areas. It was established under Ohio Revised Code Section 1702.01. The Corporation is directed by a five-member Board, which are appointed by the members. The Corporation provides an Industrial Park for the Village of Newcomerstown.

B. Basis of Accounting

The financial statements of the Newcomerstown Community Improvement Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Corporation also applies Financial Accounting Standards Board statements and interpretations issued on or after November 30, 1989, provided they do not conflict with or contradict GASB pronouncements.

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The accounting and financial reporting treatment is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the balance sheet. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accrual basis of accounting is used for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Cash

All monies received by the Corporation are maintained in a demand deposit account or certificates of deposits. Total cash is presented as "cash and cash equivalents" on the accompanying balance sheet. For purposed of the statement of cash flows and the presentation of the balance sheet, investments with a maturity of three months or less at the time they are purchased are considered to be cash equivalents.

D. Income Tax Status

The Corporation is a nonprofit organization as described under Section 501 (c) (3) of the Internal Revenue Code and is exempt from federal and state income taxes.

**NEWCOMERSTOWN COMMUNITY IMPROVEMENT CORPORATION
TUSCARAWAS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

F. Fixed Assets

Fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The Corporations only fixed asset is land that was purchased in 2001 for the Industrial Park.

2. EQUITY IN POOLED CASH

The Corporation maintains cash in a checking, money market account and Certificate of Deposits. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	<u>2002</u>	<u>2001</u>
Demand deposits	\$90,283	\$99,505
Certificates of deposit	<u>6,630</u>	<u>6,233</u>
Total deposits	<u><u>\$96,913</u></u>	<u><u>\$105,738</u></u>

Deposits: All deposits were insured by the Federal Depository Insurance Corporation.

3. NOTE PAYABLE

The Corporation has a note payable to the Tuscarawas County Commissioners in the amount of \$2,200,000 and the interest rate is 4.5%. The original note matured on March 5, 2002, however, the Corporation had rolled the note and interest due over until March 5, 2003. The note was obtained to purchase land adjacent to the Industrial Park in an attempt to attract businesses to relocate to Newcomerstown.

4. SUBSEQUENT EVENTS

On March 5, 2003, the Tuscarawas County Commissioners rolled over the note plus unpaid interest. If the County Commissioners call the note, the Corporation would have to sell the land.

5. RISK MANAGEMENT

Commercial Insurance

The Corporation has obtained commercial insurance for the following risks:

- Commercial property
- Commercial Inland Marine



Auditor of State Betty Montgomery

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

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

To the Board Members:

We have audited the financial statements of the Newcomerstown Community Improvement Corporation, Tuscarawas County, Ohio, (the Corporation) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 21, 2003. 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 Corporation'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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Corporation'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.

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

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 Corporation in a separate letter dated May 21, 2003.

This report is intended solely for the information and use of management and Corporation's Board members, 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

May 21, 2003



**Auditor of State
Betty Montgomery**

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NEWCOMERSTOWN COMMUNITY IMPROVEMENT CORPORATION

TUSCARAWAS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 1, 2003**