



Dave Yost • Auditor of State

**COMMUNITY IMPROVEMENT CORPORATION OF NEWCOMERSTOWN
TUSCARAWAS COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the Community Improvement Corporation of Newcomerstown, Tuscarawas County, Ohio (the CIC) (a not-for-profit corporation), which comprise the statement of financial position, the related statements of activities and cash flows, as of and for the year ended December 31, 2014 and 2013, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 those risks of financial statement material misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the CIC'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 CIC'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 overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Improvement Corporation of Newcomerstown, Tuscarawas County, Ohio, as of December 31, 2014 and 2013, and the changes in its financial position and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2015, on our consideration of the CIC'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 CIC's internal control over financial reporting and compliance.

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Dave Yost
Auditor of State
Columbus, Ohio

December 3, 2015

COMMUNITY IMPROVEMENT CORPORATION OF NEWCOMERSTOWN
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

ASSETS

	2014	2013
CURRENT ASSETS		
Cash		
Checking - Huntington National Bank	\$ 435,985	\$ 440,980
Checking - Chase	34,480	34,480
Money Market - Huntington National Bank	10,340	10,335
Certificate of Deposit - Huntington National Bank	48,259	47,779
Total Cash	529,064	533,574
 PROPERTY AND EQUIPMENT		
Land	1,939,297	2,245,066
TOTAL ASSETS	\$ 2,468,361	\$ 2,778,640

LIABILITIES AND NET ASSETS

LIABILITIES		
Current		
Accrued Interest	\$ 465,260	\$ 624,011
Note Payable - Tuscarawas County	1,758,379	2,200,000
Total Current Liabilities	2,223,639	2,824,011
 NET ASSETS		
Unrestricted Net Assets:		
Operating	244,722	(45,371)
TOTAL LIABILITIES AND NET ASSETS	\$ 2,468,361	\$ 2,778,640

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COMMUNITY IMPROVEMENT CORPORATION OF NEWCOMERSTOWN
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
REVENUE		
Interest Income	\$ 485	\$ 628
House Rental Income	7,475	6,900
Farm Rental Income	41,900	47,500
Royalty Income	280	861
Lease Income	0	3,000
Total Revenue	50,140	58,889
EXPENSES		
Audit Fees	0	2,544
Professional Fees	2,710	0
Bank Charges	16	32
Donations	240	12,000
Insurance	1,153	1,979
Meetings	55	0
Miscellaneous	0	25
Mowing and Maintenance	390	390
Office Expense	136	0
Postage	84	78
Real Estate Taxes	6,746	4,193
Rent	1,220	1,220
Total Expenses	12,750	22,461
OTHER INCOME		
Gain on sale of land	252,703	0
CHANGE IN NET ASSETS	290,093	36,428
NET ASSETS - BEGINNING OF YEAR	(45,371)	(81,799)
NET ASSETS - END OF YEAR	\$ 244,722	\$ (45,371)

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

COMMUNITY IMPROVEMENT CORPORATION OF NEWCOMERSTOWN
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 290,093	\$ 36,428
Gain on sale of land	<u>(252,703)</u>	<u>0</u>
Net Cash Provided by Operating Activities	<u>37,390</u>	<u>36,428</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of Land	<u>558,472</u>	<u>0</u>
Net Cash Provided by Investing Activities	<u>558,472</u>	<u>0</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of Accrued Interest	(158,751)	(47,500)
Payment of Notes Payable	<u>(441,621)</u>	<u>0</u>
Net Cash Used in Financing Activities	<u>(600,372)</u>	<u>(47,500)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,510)	(11,072)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>533,574</u>	<u>544,646</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 529,064</u></u>	<u><u>\$ 533,574</u></u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

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COMMUNITY IMPROVEMENT CORPORATION OF NEWCOMERSTOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Community Improvement Corporation of Newcomerstown (CIC) was established to promote commercial and industrial development in the Village of Newcomerstown, Ohio and surrounding areas.

Basis of Accounting

The CIC maintains its financial records on the accrual basis of Accounting.

Financial Statement Presentation

The CIC adopted FASB ASC 958-210-45. The CIC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the CIC is required to present a statement of cash flows. The CIC only had unrestricted net assets at December 31, 2014 and 2013.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The CIC considers all highly liquid deposit instruments purchased with a maturity of three months or less to be cash. Certificates of Deposit owned by the CIC in lengths greater than three months are classified as cash because the amounts are considered to be cash savings accounts. Fair values approximate carrying amounts.

NOTE B: INCOME TAXES

The CIC is a nonprofit organization as described in Section 501(c)(6) of the Internal Revenue Code and is exempt from federal and state income taxes.

The Internal Revenue Service has not examined the Company for open years under the Statute of Limitations.

NOTE C: NOTE PAYABLE

For the years ended December 31, 2014 and 2013, the CIC has a note payable to the Board of Tuscarawas County Commissioners in the amount of \$2,223,639 and \$2,824,011, respectively. The original note was for \$2,200,000 plus accrued interest

COMMUNITY IMPROVEMENT CORPORATION OF NEWCOMERSTOWN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

NOTE C: NOTE PAYABLE (Continued)

and matured on March 5, 2014, however, the CIC has obtained a twelve month extension to March 5, 2015. The note is secured by certain real estate in Oxford Township, Tuscarawas County, Ohio adjacent to the current Newcomerstown Industrial Park. The note was due including accrued interest at 4 ½ percent per annum upon the sale of the land by the CIC. As of March 5, 2010, the interest rate was reduced to zero.

NOTE D: LAND

Land is carried at cost and there is no depreciation allowance.

NOTE E: CONCENTRATION OF CREDIT RISK

The CIC maintains its cash accounts in local commercial banks. The balances of the CIC accounts exceeded Federal Deposit Insurance Corporation (FDIC) limits throughout 2014 and 2013.

NOTE F: COMMERCIAL INSURANCE

The CIC has obtained commercial insurance for the following risks:

- Commercial Property Coverage
- Commercial General Liability Coverage

NOTE G: LEASE AGREEMENTS

The CIC has a continuing lease agreement with Rollin Orr for property in Newcomerstown, Ohio. The CIC has also entered into a lease agreement with Wen Mar Farms, Inc. for property in Oxford Township.

NOTE H: SUBSEQUENT EVENTS

On November 14, 2014, the CIC approved the sale of 16 or more acres from the industrial park to 31, Inc. at a rate of \$20,000 per acre. A \$50,000 infrastructure grant to 30, Inc. was also approved. The sale of the property took place February 23, 2015.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Board of Trustees:

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 financial statements of the Community Improvement Corporation of Newcomerstown, Tuscarawas County, Ohio (the CIC), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated December 3, 2015.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the CIC's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the CIC's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 CIC'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. We consider finding 2014-001 described in the accompanying Schedule of Findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the CIC'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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

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Dave Yost
Auditor of State
Columbus, Ohio

December 3, 2015

**COMMUNITY IMPROVEMENT CORPORATION OF NEWCOMERSTOWN
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Material Weakness

The CIC should maintain an accounting system and accounting records sufficient to enable the CIC to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

During our audit of the 2014 and 2013 financial statements, we noted the following reclassifications and adjustments that were posted to the financial statements:

- Cash Flows from Financing Activities for the Payment of Accrued Interest were improperly classified as Cash Flows from Investing Activities in 2014 and 2013, totaling \$41,900 and \$47,500, respectively;
- Cash Flows from Financing Activities for Payment of Accrued Interest were understated by \$116,851 in 2014;
- Cash Flows from Financing Activities for Payment of Notes Payable were understated by \$441,621 in 2014; and
- Cash Flows from Investing Activities for Sale of Land totaling \$558,472 were improperly omitted in 2014.

Sound financial reporting is essential to ensure the information provided to the readers of the financial statement is complete and accurate.

Failure to properly report financial activity could result in material misstatements occurring and remaining undetected and a failure to provide management with an accurate picture of the CIC's financial position and operations.

The CIC should take the necessary steps to ensure that all cash flows of the CIC are properly presented in the CIC's financial statements.

Officials' Response: We did not receive a response from Officials to this finding.

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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
DECEMBER 17, 2015**