



Mary Taylor, CPA  
Auditor of State



VILLAGE OF NEW WATERFORD  
COLUMBIANA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2005 .....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary Fund Types - For the Year Ended December 31, 2005 .....	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2004 .....	7
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary Fund Types - For the Year Ended December 31, 2004 .....	8
Notes to the Financial Statements .....	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	17
Schedule of Prior Audit Findings.....	19

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# Mary Taylor, CPA Auditor of State

Village of New Waterford  
Columbiana County  
P.O. Box 287  
New Waterford, Ohio 44445

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

June 29, 2007

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Village of New Waterford  
Columbiana County  
P.O. Box 287  
New Waterford, Ohio 44445

To the Village Council:

We have audited the accompanying financial statements of the Village of New Waterford, Columbiana County, (the Village) as of and for the years ended December 31, 2005 and 2004. 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 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2005 and 2004, or its changes in financial position or cash flows, where applicable, for the years then ended.

Also, 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 of New Waterford, Columbiana County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2007, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

June 29, 2007



**VILLAGE OF NEW WATERFORD  
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$92,201	\$18,384			\$110,585
Intergovernmental Receipts	51,749	82,282			134,031
Charges for Services	110	43,146			43,256
Fines, Licenses, and Permits	29,549	3,986			33,535
Earnings on Investments	515	62		\$3,264	3,841
Miscellaneous	6,621	992			7,613
	<u>180,745</u>	<u>148,852</u>	<u>0</u>	<u>3,264</u>	<u>332,861</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	169,265	42,082			211,347
Leisure Time Activities	22,567			8,854	31,421
Transportation		76,116			76,116
General Government	62,583	1,560			64,143
Debt Service:					
Principal Payments	12,330	21,155			33,485
Interest Payments	1,651	5,728			7,379
Capital Outlay		3,685	34,485		38,170
	<u>268,396</u>	<u>150,326</u>	<u>34,485</u>	<u>8,854</u>	<u>462,061</u>
Total Receipts Over/(Under) Disbursements	<u>(87,651)</u>	<u>(1,474)</u>	<u>(34,485)</u>	<u>(5,590)</u>	<u>(129,200)</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Transfers-In	75,820	1,197	54,350		131,367
Other Financing Sources		5,557		1,005	6,562
	<u>75,820</u>	<u>6,754</u>	<u>54,350</u>	<u>1,005</u>	<u>137,929</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(11,831)	5,280	19,865	(4,585)	8,729
Fund Cash Balances, January 1	<u>42,122</u>	<u>117,012</u>	<u>14,062</u>	<u>130,747</u>	<u>303,943</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$30,291</b></u>	<u><b>\$122,292</b></u>	<u><b>\$33,927</b></u>	<u><b>\$126,162</b></u>	<u><b>\$312,672</b></u>
Reserves for Encumbrances, December 31	<u>\$747</u>	<u>\$849</u>	<u>\$2,865</u>	<u>\$0</u>	<u>\$4,461</u>

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

**VILLAGE OF NEW WATERFORD  
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$499,746		\$499,746
Miscellaneous		\$544	544
Total Operating Cash Receipts	<u>499,746</u>	<u>544</u>	<u>500,290</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	93,210		93,210
Fringe Benefits	11,758		11,758
Contractual Services	170,074		170,074
Supplies and Materials	37,062		37,062
Other	6,226		6,226
Total Operating Cash Disbursements	<u>318,330</u>	<u>0</u>	<u>318,330</u>
Operating Income/(Loss)	<u>181,416</u>	<u>544</u>	<u>181,960</u>
<b>Non-Operating Cash Receipts:</b>			
Property Tax and Other Local Taxes		125,960	125,960
Intergovernmental Receipts	3,251		3,251
Total Non-Operating Cash Receipts	<u>3,251</u>	<u>125,960</u>	<u>129,211</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	155,307		155,307
Other Non-Operating Cash Disbursements	10,479		10,479
Total Non-Operating Cash Disbursements	<u>165,786</u>	<u>0</u>	<u>165,786</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	18,881	126,504	145,385
Transfers-In	148,678		148,678
Transfers-Out	<u>(148,678)</u>	<u>(131,367)</u>	<u>(280,045)</u>
Net Receipts Over/(Under) Disbursements	18,881	(4,863)	14,018
Fund Cash Balances, January 1	<u>203,898</u>	<u>36,033</u>	<u>239,931</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$222,779</u></b>	<b><u>\$31,170</u></b>	<b><u>\$253,949</u></b>
Reserve for Encumbrances, December 31	<u>\$6,243</u>	<u>\$0</u>	<u>\$6,243</u>

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

**VILLAGE OF NEW WATERFORD  
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$96,832	\$19,355		\$116,187
Intergovernmental Receipts	46,480	131,691		178,171
Charges for Services	662	27,677		28,339
Fines, Licenses, and Permits	30,681	1,660		32,341
Earnings on Investments	412	33		445
Miscellaneous	1,484	332		1,816
	<u>176,551</u>	<u>180,748</u>	<u>0</u>	<u>357,299</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	141,346	89,041		230,387
Leisure Time Activities	11,977			11,977
Transportation		62,392		62,392
General Government	45,381	225		45,606
Debt Service:				
Principal Payments	11,659	2,816		14,475
Interest Payments	2,189			2,189
	<u>212,552</u>	<u>154,474</u>	<u>0</u>	<u>367,026</u>
Total Receipts Over/(Under) Disbursements	<u>(36,001)</u>	<u>26,274</u>	<u>0</u>	<u>(9,727)</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Transfers-In	70,357		12,643	83,000
Advances-In	20,000	20,000		40,000
Advances-Out	(20,000)	(20,000)		(40,000)
Other Financing Sources		6,500		6,500
Other Financing Uses		(492)		(492)
	<u>70,357</u>	<u>6,008</u>	<u>12,643</u>	<u>89,008</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	34,356	32,282	12,643	79,281
Fund Cash Balances, January 1	7,766	84,730	1,419	93,915
<b>Fund Cash Balances, December 31</b>	<u><b>\$42,122</b></u>	<u><b>\$117,012</b></u>	<u><b>\$14,062</b></u>	<u><b>\$173,196</b></u>
Reserves for Encumbrances, December 31	<u>\$1,008</u>	<u>\$217</u>	<u>\$0</u>	<u>\$1,225</u>

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

**VILLAGE OF NEW WATERFORD  
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$501,869			\$501,869
Miscellaneous		\$1,861	\$8,512	10,373
Total Operating Cash Receipts	<u>501,869</u>	<u>1,861</u>	<u>8,512</u>	<u>512,242</u>
<b>Operating Cash Disbursements:</b>				
Personal Services	86,054		17,833	103,887
Fringe Benefits	9,340		3,233	12,573
Contractual Services	186,635	2,548	6,487	195,670
Supplies and Materials	30,701	2,130	1,046	33,877
Other	8,147		528	8,675
Capital Outlay	15,488	1,463	1,801	18,752
Total Operating Cash Disbursements	<u>336,365</u>	<u>6,141</u>	<u>30,928</u>	<u>373,434</u>
Operating Income/(Loss)	<u>165,504</u>	<u>(4,280)</u>	<u>(22,416)</u>	<u>138,808</u>
<b>Non-Operating Cash Receipts:</b>				
Property Tax and Other Local Taxes			132,035	132,035
Intergovernmental Receipts	3,137	1,178		4,315
Other Non-Operating Receipts		515		515
Total Non-Operating Cash Receipts	<u>3,137</u>	<u>1,693</u>	<u>132,035</u>	<u>136,865</u>
<b>Non-Operating Cash Disbursements:</b>				
Debt Service	<u>213,311</u>			<u>213,311</u>
Total Non-Operating Cash Disbursements	<u>213,311</u>	<u>0</u>	<u>0</u>	<u>213,311</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(44,670)	(2,587)	109,619	62,362
Transfers-In	207,680			207,680
Transfers-Out	(207,680)		(83,000)	(290,680)
Other Financing Sources		59		59
Net Receipts Over/(Under) Disbursements	(44,670)	(2,528)	26,619	(20,579)
Fund Cash Balances, January 1	<u>248,568</u>	<u>133,275</u>	<u>9,414</u>	<u>391,257</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$203,898</u></b>	<b><u>\$130,747</u></b>	<b><u>\$36,033</u></b>	<b><u>\$370,678</u></b>
Reserve for Encumbrances, December 31	<u>\$921</u>	<u>\$0</u>	<u>\$175</u>	<u>\$1,096</u>

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

**VILLAGE OF NEW WATERFORD  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of New Waterford, Columbiana County, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides water and sewer utilities, park operations, police services, and ambulance services. The Village contracts with the Townships of Unity and Fairfield for fire protection services.

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 accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

**C. Cash and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposit 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 reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds 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:

**VILLAGE OF NEW WATERFORD  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

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

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

New Waterford Fire Fund -This fund is used to pay for fire fighting services from Unity Township and Fairfield Township.

**3. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Construction Fund - This fund receives proceeds from local income taxes to finance capital improvements throughout the Village.

**4. Permanent Fund**

This fund accounts for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Village's programs as follows:

Village Park Fund - This fund receives interest earned on the nonexpendable corpus from trust agreements. These earnings are used for the general maintenance and upkeep of the Village's park. In 2004, this fund was classified as fiduciary, nonexpendable trust fund.

**5. Enterprise Funds**

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

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

OWDA Water Plant Fund - This fund receives loan proceeds from the Ohio Water Development Authority to finance a water plant.

OWDA Water Tower Fund - This fund receives loan proceeds from the Ohio Water Development Authority to finance a water tower.

**VILLAGE OF NEW WATERFORD  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

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

**6. Fiduciary Funds (Agency Funds)**

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations, or other governments. The Village disburses these funds as directed by the individual, organization, or other government. The Village had the following significant agency funds:

Mayor's Court Fund – This fund receives and disburses fines and court costs collected by the Mayor's Court. This activity is appended to and reported in the financial statements.

Income Tax Fund – This fund receives proceeds of a 1% annual income tax to be used for general operating expenses and capital improvements in the Village.

**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. The Village 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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**VILLAGE OF NEW WATERFORD  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

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

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2005	2004
Demand deposits	\$462,557	\$443,074
Certificates of deposit	104,064	100,800
Total deposits	\$566,621	\$543,874

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

**Investments:** The Village had no investments at December 31, 2005.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$238,572	\$256,565	\$17,993
Special Revenue	144,995	155,606	10,611
Capital Projects	42,360	54,350	11,990
Permanent	5,305	4,269	(1,036)
Enterprise	654,052	651,675	(2,377)
Fiduciary	140,914	126,504	(14,410)
Total	\$1,226,198	\$1,248,969	\$22,771



**VILLAGE OF NEW WATERFORD  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$281,702	\$269,143	\$12,559
Special Revenue	233,730	151,175	82,555
Capital Projects	56,423	37,350	19,073
Permanent	13,962	8,854	5,108
Enterprise	735,845	639,037	96,808
Fiduciary	131,367	131,367	0
Total	<u>\$1,453,029</u>	<u>\$1,236,926</u>	<u>\$216,103</u>

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$232,003	\$246,908	\$14,905
Special Revenue	134,852	187,248	52,396
Capital Projects	12,000	12,643	643
Enterprise	661,887	712,686	50,799
Fiduciary	120,600	144,160	23,560
Total	<u>\$1,161,342</u>	<u>\$1,303,645</u>	<u>\$142,303</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$237,550	\$213,560	\$23,990
Special Revenue	237,967	155,183	82,784
Enterprise	895,632	758,277	137,355
Fiduciary	128,739	120,244	8,495
Total	<u>\$1,499,888</u>	<u>\$1,247,264</u>	<u>\$252,624</u>

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment 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.

**VILLAGE OF NEW WATERFORD  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**4. PROPERTY TAX (Continued)**

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. LOCAL INCOME TAX**

The Village levies a municipal income tax of one 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, 2005 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$140,757	4.84% - 5.75%
Vehicle and Equipment Leases	165,099	4.90% - 5.28%
Ohio Water Development Authority Loans	747,034	7.89% - 8.35%
Total	\$1,052,890	

The Ohio Water Development Authority (OWDA) loans relate to water and sewer plant expansion projects the Ohio Environmental Protection Agency mandated. The OWDA has approved up to \$1,424,925 in loans to the Village for these projects. The Village will repay the loans in semiannual installments, including interest, over 20 years. The scheduled payment amounts below assume that \$1,424,925 has been borrowed. The OWDA will adjust scheduled payments to reflect any revisions in amounts the Village actually borrows. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Village issued general obligation notes to finance the purchase of a police cruiser, water and sewer plant renovations, and delinquent contributions, including interest and penalties to the Ohio Police and Fire Pension Fund. The Village's taxing authority collateralized the notes.

The Village has also entered lease agreements to finance the use of a new dump truck, fire truck, and fire department equipment. The Village shall have the option to purchase the vehicles and equipment at the expiration of the original lease term for an agreed upon amount.

**VILLAGE OF NEW WATERFORD  
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**6. DEBT (Continued)**

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

Year ending December 31:	General Obligation		
	Notes	Leases	OWDA Loans
2006	\$35,921	\$33,641	\$127,164
2007	31,038	33,641	123,014
2008	22,642	33,641	123,935
2009	21,940	24,349	124,931
2010	21,940	14,997	126,010
2011 – 2014	27,425	59,984	375,824
Total	\$160,906	\$200,253	\$1,000,878

**7. RETIREMENT SYSTEMS**

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, OP&F participants contributed 10 percent of their wages. For 2005 and 2004, the Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. For 2005 and 2004, OPERS members contributed 8.5 percent of their gross salaries and the Village contributed an amount equally 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2005.

**8. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Wrongful Acts;
- Inland marine;
- Crime; and
- Errors and omissions.

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# Mary Taylor, CPA

## Auditor of State

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

Village of New Waterford  
Columbiana County  
P.O. Box 287  
New Waterford, Ohio 44445

To the Village Council:

We have audited the financial statements of the Village of New Waterford, Columbiana County (the Village) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 29, 2007, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503-1293  
Telephone: (330) 797-9900 (800) 443-9271 Fax: (330) 797-9949  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village'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, providing an opinion 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*.

We intend this report solely for the information and use of the audit committee, management, and Village Council. It is not intended for anyone other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

June 29, 2007

**VILLAGE OF NEW WATERFORD  
COLUMBIANA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2005 and 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2003-01	A Finding for Recovery issued against the New Waterford Volunteer Fire Department for public money illegally expended.	Yes	Finding no longer valid
2003-02	Violation of Ohio Revised Code Section 1905.21 for failure to maintain a docket for the Mayor's Court and violation of Ohio Revised Code Section 1905.01(F) for failure to maintain a cash book and list of open items for the Mayor's Court.	Yes	Finding no longer valid
2003-03	The Village did not have policies or procedures in place to properly monitor ambulance billings and collections.	Yes	Finding no longer valid







**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF NEW WATERFORD**

**COLUMBIANA 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 9, 2007**