

VILLAGE OF NEW WATERFORD

COLUMBIANA COUNTY, OHIO

AUDIT REPORT

For the Years Ended December 31, 2013 and 2012





Dave Yost • Auditor of State

Village Council
Village of New Waterford
3760 Village Park Drive
P.O. Box 287
New Waterford, Ohio 44445

We have reviewed the *Independent Auditors' Report* of the Village of New Waterford, Columbiana County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2012 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of New Waterford is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 28, 2014

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VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY, OHIO
Audit Report
For the years ended December 31, 2013 and 2012

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INDEPENDENT AUDITORS' REPORT

Village of New Waterford
Columbiana County
3760 Village Park Drive
P.O. Box 287
New Waterford, Ohio 44445

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of New Waterford, Columbiana County, (the Village) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements 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 the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village'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 Village'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 the overall financial statement presentation.

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2013 and 2012, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of New Waterford, Columbiana County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2014, 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. 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 Village's internal control over financial reporting and compliance.

Charles E. Harris

Charles E. Harris & Associates, Inc.

July 11, 2014

VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Governmental Fund Types				Totals Memorandum Only
	General	Special Revenue	Capital Projects	Permanent	
Cash Receipts:					
Property and Other Local Taxes	\$ 52,904	\$ 39,611	-	-	\$ 92,515
Municipal Income Tax	145,255	-	-	-	145,255
Intergovernmental	23,251	128,967	-	-	152,218
Charges for Services	-	61,000	-	-	61,000
Fines, Licenses & Permits	61,491	2,505	-	-	63,996
Earnings on Investments	414	45	-	\$ 1,500	1,959
Miscellaneous	-	1,441	\$ 2,000	-	3,441
Total Cash Receipts	283,315	233,569	2,000	1,500	520,384
Cash Disbursements:					
Current:					
Security of Persons & Property	207,624	101,001	-	-	308,625
Leisure Time Activities	-	-	-	6,322	6,322
Transportation	-	92,962	-	-	92,962
General Government	139,743	5,306	-	-	145,049
Capital Outlay	-	62,463	10,802	-	73,265
Debt Service:					
Principal Payment	-	-	23,061	-	23,061
Interest and Fiscal Charges	-	-	3,619	-	3,619
Total Cash Disbursements	347,367	261,732	37,482	6,322	652,903
Excess of Receipts Over/(Under)					
Disbursements	(64,052)	(28,163)	(35,482)	(4,822)	(132,519)
Other Financing Receipts (Disbursements):					
Proceed of Loan	-	-	9,827	-	9,827
Transfers In	-	-	20,111	15,000	35,111
Transfers Out	(35,111)	-	-	-	(35,111)
Advance In	10,000	-	-	-	10,000
Advance Out	(20,000)	-	-	-	(20,000)
Other Financing Sources	94,038	2,469	-	5,020	101,527
Total Other Financing Receipts (Disbursements)	48,927	2,469	29,938	20,020	101,354
Net Change in Fund Cash Balances	(15,125)	(25,694)	(5,544)	15,198	(31,165)
Fund Cash Balances, January 1	29,030	151,940	6,463	104,875	292,308
Fund Cash Balances, December 31					
Nonspendable	-	-	-	100,000	100,000
Restricted	-	126,246	919	20,073	147,238
Unassigned	13,905	-	-	-	13,905
Fund Cash Balances, December 31	\$ 13,905	\$ 126,246	\$ 919	\$ 120,073	\$ 261,143

See accompanying Notes to the Financial Statements.

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Proprietary Fund Types
	Enterprise Fund
Operating Cash Receipts:	
Charges for Services	\$ 555,477
Total Operating Cash Receipts	555,477
Operating Cash Disbursements:	
Personal Services	148,407
Employee Fringe Benefits	23,106
Contractual Services	82,505
Supplies & Materials	80,973
Other	75,613
Total Operating Cash Disbursements	410,604
Operating Income/(Loss)	144,873
Non-Operating Cash Receipts/(Disbursements):	
Intergovernmental	208
Proceed of Loan	95,686
Capital Outlay	(148,998)
Principal Retirement	(129,759)
Interest and Other Fiscal Charges	(9,160)
Total Non-Operating Receipts (Disbursements)	(192,023)
Income (Loss) before Transfers and Advances	(47,150)
Transfers In	104,213
Transfers Out	(104,213)
Advance In	20,000
Advance Out	(10,000)
Net Change in Fund Cash Balances	(37,150)
Fund Cash Balance, January 1	86,452
Fund Cash Balance, December 31	\$ 49,302

See accompanying Notes to the Financial Statements.

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Governmental Fund Types				Totals Memorandum Only
	General	Special Revenue	Capital Projects	Permanent	
Cash Receipts:					
Property and Other Local Taxes	\$ 53,077	\$ 28,403	-	-	\$ 81,480
Municipal Income Tax	131,004	-	-	-	131,004
Intergovernmental	27,586	62,458	-	-	90,044
Charges for Services	-	60,300	-	-	60,300
Fines, Licenses & Permits	60,316	2,630	-	-	62,946
Earnings on Investments	510	55	\$ 1	\$ 322	888
Miscellaneous	717	4,766	3,642	1,350	10,475
Total Cash Receipts	273,210	158,612	3,643	1,672	437,137
Cash Disbursements:					
Current:					
Security of Persons & Property	173,566	60,109	-	-	233,675
Leisure Time Activities	450	-	-	6,696	7,146
Transportation	-	74,908	-	-	74,908
General Government	58,014	1,817	-	-	59,831
Capital Outlay	-	-	105,007	-	105,007
Debt Service:					
Principal Payment	-	15,894	4,208	-	20,102
Interest and Fiscal Charges	-	-	485	-	485
Total Cash Disbursements	232,030	152,728	109,700	6,696	501,154
Excess of Receipts Over/(Under) Disbursements	41,180	5,884	(106,057)	(5,024)	(64,017)
Other Financing Receipts (Disbursements):					
Proceed of Loan	-	-	80,000	-	80,000
Transfers In	-	-	20,025	-	20,025
Transfers Out	(20,025)	-	-	-	(20,025)
Advance In	650	-	650	-	1,300
Advance Out	(650)	-	(650)	-	(1,300)
Other Financing Sources	237	2,665	-	-	2,902
Total Other Financing Receipts (Disbursements)	(19,788)	2,665	100,025	-	82,902
Net Change in Fund Cash Balances	21,392	8,549	(6,032)	(5,024)	18,885
Fund Cash Balances, January 1	7,071	126,893	12,495	109,899	256,358
Fund Cash Balances, December 31					
Nonspendable	-	-	-	100,000	100,000
Restricted	-	135,442	6,463	4,875	146,780
Assigned	3,474	-	-	-	3,474
Unassigned	24,989	-	-	-	24,989
Fund Cash Balances, December 31	\$ 28,463	\$ 135,442	\$ 6,463	\$ 104,875	\$ 275,243

See accompanying Notes to the Financial Statements.

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Proprietary Fund Types Enterprise Fund</u>
Operating Cash Receipts:	
Charges for Services	<u>\$ 491,104</u>
Total Operating Cash Receipts	491,104
Operating Cash Disbursements:	
Personal Services	94,527
Employee Fringe Benefits	13,664
Contractual Services	230,393
Supplies & Materials	23,689
Other	<u>8,188</u>
Total Operating Cash Disbursements	<u>370,461</u>
Operating Income/(Loss)	120,643
Non-Operating Cash Receipts/(Disbursements):	
Earning on Investments (Proprietary Funds Only)	11
Capital Outlay	(7,250)
Principal Retirement	(118,044)
Interest and Other Fiscal Charges	<u>(15,705)</u>
Total Non-Operating Receipts (Disbursements)	(140,988)
Income (Loss) before Transfers and Advances	(20,345)
Transfers In	134,071
Transfers Out	<u>(134,071)</u>
Net Change in Fund Cash Balances	(20,345)
Fund Cash Balance, January 1	<u>106,713</u>
Fund Cash Balance, December 31	<u>\$ 86,368</u>

See accompanying Notes to the Financial Statements.

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

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, road maintenance, police services and emergency medical services. The Village contracts with the Villages of Unity and Fairfield to provide fire protection.

The Village's management believes these financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The Village of New Waterford prepares its financial statements following 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

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.

D. FUND ACCOUNTING

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restriction associated with each class of funds is as follows:

Governmental Fund Types:

General Fund: The General Fund is the general operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds: These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

D. FUND ACCOUNTING - (Continued)

Governmental Fund Types: - (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 protection services provided by Unity and Fairfield Villages.

Debt Service Funds: These funds account for transfers from the General Fund that are used for expenditure for principal and interest. The only debt service is the General Note Retirement Fund.

Capital Project Funds: These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

Construction Fund - This fund receives local income tax monies to finance capital improvements within the Village.

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. The Village had the following significant permanent fund:

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 park.

Proprietary Fund Types:

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, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. BUDGETARY PROCESS

A budget of estimated cash receipts and disbursements is prepared by the Fiscal Officer, approved by the Village Council, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

1. Estimated Resources

The county auditor calculates the estimated revenues available to the Village. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Village. The certificate is approved by the county budget commission and sent to the Village Fiscal Officer by September 1.

Prior to December 31, the Village must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of estimated resources stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Fiscal Officer sends the county auditor a certificate which includes the actual unencumbered balances from the preceding year.

The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected revenue increases or the Fiscal Officer identifies decreases in revenue.

Budgeted receipts, as shown in Note 4, do not include the unencumbered fund balances as of January 1, 2013 and 2012. However, those fund balances are available for appropriation.

2. Appropriations

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

3. Encumbrances

The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control. The legal level of control is the object level.

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. BUDGETARY PROCESS - (Continued)

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. FUND BALANCE

Fund balance is divided into classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can commit amounts via formal action (resolution or ordinance). The Village must adhere to these commitments unless Council amends the resolution or ordinance. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

G. FUND BALANCE – (Continued)

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

2. CASH AND CASH EQUIVALENTS

The Village maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribed allowable deposits and investments. The carrying amount of cash at December 31, 2013 and 2012 follows:

	2013	2012
Demand Deposits	\$ 52,278	\$ (8,908)
Public Funds MMA (Sweep)	158,167	270,519
Certificates of Deposit	100,000	100,000
Total Deposits	\$ 310,445	\$ 361,611

The negative demand deposits are due to the overnight sweep account.

Deposits: Deposits are either: (1) insured by the Federal Depository Insurance Corporation; (2) collateralized by securities specifically pledged by the financial institution to the Village or (3) collateralized by the financial institution's public entity deposit pool.

3. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees 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 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.

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

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

4. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2013 and 2012 is as follows:

<u>Fund Type</u>	<u>2013 Budgeted vs. Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General	\$387,353	\$377,353	(\$10,000)
Special Revenue	236,038	236,038	-
Capital Projects	43,631	31,938	(11,693)
Permanent	21,520	21,520	-
Enterprise	719,898	755,584	35,686
Total	\$1,408,440	\$1,422,433	\$13,993

<u>Fund Type</u>	<u>2013 Budgeted vs. Actual Budgetary Basis Disbursements</u>		<u>Variance</u>
	<u>Total Appropriations</u>	<u>Budgetary Disbursements</u>	
General	\$382,478	\$382,478	\$0
Special Revenue	261,733	261,732	1
Capital Projects	37,482	37,482	-
Permanent	6,322	6,322	-
Enterprise	802,734	802,734	-
Total	\$1,490,749	\$1,490,748	\$1

<u>Fund Type</u>	<u>2012 Budgeted vs. Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General	\$264,650	\$273,447	\$8,797
Special Revenue	167,928	161,277	(6,651)
Permanent	1,650	1,672	22
Capital Projects	86,550	103,668	17,118
Enterprise	627,739	625,186	(2,553)
Total	\$1,148,517	\$1,165,250	\$16,733

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

4. BUDGETARY ACTIVITY– (Continued)

<u>Fund Type</u>	<u>2012 Budgeted vs. Actual Budgetary Basis Disbursements</u>		
	<u>Total Appropriations</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General	\$269,926	\$255,529	\$14,397
Special Revenue	255,122	154,176	100,946
Capital Projects	109,700	109,700	-
Permanent	11,500	6,696	4,804
Enterprise	712,438	647,919	64,519
Total	<u>\$1,358,686</u>	<u>\$1,174,020</u>	<u>\$184,666</u>

5. PENSION PLAN

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS), a state operated, cost sharing, multiple employer plans. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are prescribed by the Ohio Revised Code. OPERS members contributed 10% in 2012 and 2013 of their gross pay while the Village contributed an amount equal to 14% of covered payroll for both years. The Village paid all required contributions through 2013.

6. DEBT

Debt outstanding at December 31, 2013 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loan	\$ 14,950	7.89%
PNC Bank Property Loan	60,667	4.25%
PNC Bank Excavator Loan	63,545	4.30%
PNC Bank Ambulance Loan	8,352	4.10%
	<u>\$ 147,514</u>	

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project mandated by the Ohio Environmental Protection Agency. The Village is repaying the loan in installments, whereas water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements

During 2012, the Village entered into a commercial loan agreement in the amount of \$65,000 with PNC Bank to finance the purchase of a property within the Village. The loan has a term of 120 months with the final payment due in December 2022. Interest is due monthly, with all principal and accrued interest due at maturity. Also, a \$15,000 loan was issued and paid off in the same year for a truck.

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

6. DEBT – (Continued)

In 2013, the Village obtained a five-year loan from PNC Bank to purchase an excavator. It is to be repaid in 60 monthly installment of \$1,217 from various funds.

During 2013, the Village also obtained a five-year loan from PNC Bank for an ambulance with monthly payment of \$740.

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

Year ending December 31:	Property Loan	Excavator Loan	Ambulance Loan	OWDA Loan
2014	\$ 6,862	\$ 14,604	\$ 8,352	\$ 16,126
2015	6,675	14,604	-	-
2016	6,494	14,604	-	-
2017	6,302	14,604	-	-
2018	6,115	5,129	-	-
2019-2022	51,311	-	-	-
Total	<u>\$ 83,759</u>	<u>\$ 63,545</u>	<u>\$ 8,352</u>	<u>\$ 16,126</u>

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Wrongful acts;
- Inland marine;
- Law enforcement;
- Vehicles;
- Bond and crime.

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

The Village pays the State Worker's Compensation System a premium based on a flat fee. The fee is calculated based on accident history and administrative costs.

8. SUBSEQUENT EVENTS/PENDING LITIGATION

Management believes there are no pending claims or lawsuits.

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

9. PRIOR PERIOD ADJUSTMENTS

Voided checks in 2012 for 2011 checks caused the following restatements to the prior year fund balances.

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Enterprise Funds</u>
Fund cash balance, December 31, 2011	\$6,015	\$126,823	\$106,555
Adjustments	1,056	70	158
Fund Cash Balance January 1, 2012	<u><u>\$7,071</u></u>	<u><u>\$126,893</u></u>	<u><u>\$106,713</u></u>

Voided checks in 2013 for 2012 checks caused the following restatements to the prior year fund balances.

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Enterprise Funds</u>
Fund cash balance, December 31, 2012	\$28,463	\$135,442	\$86,368
Adjustments	567	16,498	84
Fund Cash Balance January 1, 2013	<u><u>\$29,030</u></u>	<u><u>\$151,940</u></u>	<u><u>\$86,452</u></u>

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

Village of New Waterford
Columbiana County
3760 Village Park Drive
P.O. Box 287
New Waterford, Ohio 44445

To the Village Council:

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 Village of New Waterford, Columbiana County, (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated July 11, 2014, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Control Over Financial Reporting

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

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 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 Village'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.

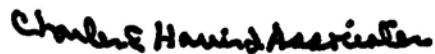
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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



CHARLES E. HARRIS & ASSOCIATES, INC.

July 11, 2014

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Dave Yost • 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
SEPTEMBER 9, 2014**