



Dave Yost • Auditor of State

VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of New Waterford
Columbiana County
3760 Village Park Drive
New Waterford, Ohio 44445

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of New Waterford, Columbiana County, (the "Village") as of and for the years ended December 31, 2015 and 2014.

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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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, 2015 and 2014, or changes in financial position 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 as of December 31, 2015 and 2014, 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(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2016, 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.



Dave Yost
Auditor of State
Columbus, Ohio

August 29, 2016

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$88,257	\$66,131			\$154,388
Municipal Income Tax	149,748				149,748
Intergovernmental	27,685	167,161	\$4,942	\$3,807	203,595
Charges for Services		85,000			85,000
Fines, Licenses and Permits	78,365	2,861			81,226
Earnings on Investments	186	25		1,509	1,720
Miscellaneous		6,726	3,848		10,574
<i>Total Cash Receipts</i>	<u>344,241</u>	<u>327,904</u>	<u>8,790</u>	<u>5,316</u>	<u>686,251</u>
Cash Disbursements					
Current:					
Security of Persons and Property	251,838	334,663			586,501
Leisure Time Activities				6,540	6,540
Transportation		87,924			87,924
General Government	84,371	1,548			85,919
Capital Outlay		71,373	14,635		86,008
Debt Service:					
Principal Retirement		32,972	10,381		43,353
Interest and Fiscal Charges		4,888	2,911		7,799
<i>Total Cash Disbursements</i>	<u>336,209</u>	<u>533,368</u>	<u>27,927</u>	<u>6,540</u>	<u>904,044</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>8,032</u>	<u>(205,464)</u>	<u>(19,137)</u>	<u>(1,224)</u>	<u>(217,793)</u>
Other Financing Receipts (Disbursements)					
Transfers In			22,848		22,848
Transfers Out	(24,588)				(24,588)
Advances In	7,000				7,000
Other Financing Sources	3,742	6,777		4,144	14,663
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(13,846)</u>	<u>6,777</u>	<u>22,848</u>	<u>4,144</u>	<u>19,923</u>
<i>Net Change in Fund Cash Balances</i>	<u>(5,814)</u>	<u>(198,687)</u>	<u>3,711</u>	<u>2,920</u>	<u>(197,870)</u>
<i>Fund Cash Balances, January 1</i>	<u>18,278</u>	<u>262,639</u>	<u>0</u>	<u>120,168</u>	<u>401,085</u>
Fund Cash Balances, December 31					
Nonspendable				123,088	123,088
Restricted		63,952	3,711		67,663
Unassigned (Deficit)	12,464				12,464
<i>Fund Cash Balances, December 31</i>	<u>\$12,464</u>	<u>\$63,952</u>	<u>\$3,711</u>	<u>\$123,088</u>	<u>\$203,215</u>

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

VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>(Memorandum Only)</u>
Operating Cash Receipts			
Charges for Services	\$652,607		\$652,607
<i>Total Operating Cash Receipts</i>	<u>652,607</u>	<u>0</u>	<u>652,607</u>
Operating Cash Disbursements			
Personal Services	224,090		224,090
Employee Fringe Benefits	36,520		36,520
Contractual Services	114,063		114,063
Supplies and Materials	125,218		125,218
Claims	0		0
Other	30,905		30,905
<i>Total Operating Cash Disbursements</i>	<u>530,796</u>	<u>0</u>	<u>530,796</u>
<i>Operating Income (Loss)</i>	<u>121,811</u>	<u>0</u>	<u>121,811</u>
Non-Operating Receipts (Disbursements)			
Capital Outlay	(156,670)		(156,670)
Principal Retirement	(30,030)		(30,030)
Interest and Other Fiscal Charges	(3,362)		(3,362)
Other Financing Sources		\$85,939	85,939
Other Financing Uses		(87,742)	(87,742)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(190,062)</u>	<u>(1,803)</u>	<u>(191,865)</u>
<i>(Loss) before Transfer and Advances</i>	(68,251)	(1,803)	(70,054)
Transfers In	1,740		1,740
Advances Out	(7,000)		(7,000)
<i>Net Change in Fund Cash Balances</i>	(73,511)	(1,803)	(75,314)
<i>Fund Cash Balances, January 1</i>	<u>136,049</u>	<u>5,893</u>	<u>141,942</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$62,538</u></u>	<u><u>\$4,090</u></u>	<u><u>\$66,628</u></u>

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

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$84,669	\$40,637			\$125,306
Municipal Income Tax	49,206				49,206
Intergovernmental	23,625	61,009			84,634
Charges for Services		160,000			160,000
Fines, Licenses and Permits	92,078	3,555			95,633
Earnings on Investments	548	27		\$1,521	2,096
Miscellaneous		643			643
<i>Total Cash Receipts</i>	<u>250,126</u>	<u>265,871</u>	<u>0</u>	<u>1,521</u>	<u>517,518</u>
Cash Disbursements					
Current:					
Security of Persons and Property	252,688	56,484			309,172
Leisure Time Activities				5,264	5,264
Transportation		69,809			69,809
General Government	80,256	3,185			83,441
Capital Outlay			\$15,349		15,349
Debt Service:					
Principal Retirement			5,544		5,544
Interest and Fiscal Charges			2,778		2,778
<i>Total Cash Disbursements</i>	<u>332,944</u>	<u>129,478</u>	<u>23,671</u>	<u>5,264</u>	<u>491,357</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(82,818)</u>	<u>136,393</u>	<u>(23,671)</u>	<u>(3,743)</u>	<u>26,161</u>
Other Financing Receipts (Disbursements)					
Transfers In	87,802		22,751		110,553
Transfers Out	(7,257)				(7,257)
Advances In	10,000				10,000
Advances Out	(7,000)				(7,000)
Other Financing Sources	5,863			3,838	9,701
<i>Total Other Financing Receipts (Disbursements)</i>	<u>89,408</u>	<u>0</u>	<u>22,751</u>	<u>3,838</u>	<u>115,997</u>
<i>Net Change in Fund Cash Balances</i>	6,590	136,393	(920)	95	142,158
<i>Fund Cash Balances, January 1</i>	<u>11,688</u>	<u>126,246</u>	<u>920</u>	<u>120,073</u>	<u>258,927</u>
Fund Cash Balances, December 31					
Nonspendable				120,168	120,168
Restricted		262,639			262,639
Unassigned (Deficit)	18,278				18,278
<i>Fund Cash Balances, December 31</i>	<u>\$18,278</u>	<u>\$262,639</u>	<u>\$0</u>	<u>\$120,168</u>	<u>\$401,085</u>

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

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$696,160	0	\$696,160
<i>Total Operating Cash Receipts</i>	<u>696,160</u>	<u>0</u>	<u>696,160</u>
Operating Cash Disbursements			
Personal Services	183,992	0	183,992
Employee Fringe Benefits	25,582	0	25,582
Contractual Services	129,416	0	129,416
Supplies and Materials	132,964	0	132,964
Other	52,227	0	52,227
<i>Total Operating Cash Disbursements</i>	<u>524,181</u>	<u>0</u>	<u>524,181</u>
<i>Operating Income (Loss)</i>	<u>171,979</u>	<u>0</u>	<u>171,979</u>
Non-Operating Receipts (Disbursements)			
Property and Other Local Taxes	0	\$101,080	101,080
Intergovernmental	2,118	0	2,118
Capital Outlay	(46,854)	0	(46,854)
Principal Retirement	(33,595)	0	(33,595)
Interest and Other Fiscal Charges	(3,900)	0	(3,900)
Other Financing Sources	0	103,677	103,677
Other Financing Uses	0	(103,484)	(103,484)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(82,231)</u>	<u>101,273</u>	<u>19,042</u>
<i>Income (Loss) before Transfers and Advances</i>	89,748	101,273	191,021
Transfers In	15,992	0	15,992
Transfers Out	(15,992)	(103,297)	(119,289)
Advances In	7,000	0	7,000
Advances Out	(10,000)	0	(10,000)
<i>Net Change in Fund Cash Balances</i>	86,748	(2,024)	84,724
<i>Fund Cash Balances, January 1</i>	<u>49,301</u>	<u>7,917</u>	<u>57,218</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$136,049</u></u>	<u><u>\$5,893</u></u>	<u><u>\$141,942</u></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, 2015 AND 2014**

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 directs the Village. The Village provides water and sewer utilities, park operations, road maintenance, police services, fire protection services and emergency medical services. The Village also provides fire protection services to the Townships of Unity and Fairfield.

The Village participates in the Ohio Plan Risk Management public entity risk pool. Note 8 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

The Ohio Plan Risk Management (OPRM), a risk-sharing pool available to Ohio local governments. OPRM provides property and casualty coverage for its members.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits 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.

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 accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

2. 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 Fund:

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

Fire Protection Operating Fund - This fund receives charges for services revenue in order to provide fire protection services.

3. Capital Project Fund

This fund accounts 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 projects within the Village.

4. Permanent Fund

This fund accounts for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). 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's park.

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.

Ambulance Fund – This fund receives charges for services revenue from residents to cover ambulance service costs.

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

6. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

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's agency fund accounts for Magistrate Court monies.

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. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

3. Encumbrances

Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five 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.

VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. 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.

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.

G. 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.

H. 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 DEPOSITS AND INVESTMENTS

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

	2015	2014
Demand deposits	\$169,843	\$443,027
Certificates of deposit	100,000	100,000
Total deposits	<u>\$269,843</u>	<u>\$543,027</u>

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

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$341,551	\$354,983	\$13,432
Special Revenue	269,155	334,681	65,526
Capital Projects	22,900	31,638	8,738
Enterprise	637,335	652,607	15,272
Permanent		9,460	9,460
Total	\$1,270,941	\$1,383,369	\$112,428

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$363,708	\$360,797	\$2,911
Special Revenue	560,497	533,368	27,129
Capital Projects	24,079	27,927	(3,848)
Enterprise	730,872	727,858	3,014
Permanent	21,668	6,540	15,128
Total	\$1,700,824	\$1,656,490	\$44,334

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$353,738	\$353,791	\$53
Special Revenue	263,750	265,871	2,121
Capital Projects	22,751	22,751	0
Enterprise	714,800	721,270	6,470
Permanent	5,234	5,359	125
Total	\$1,360,273	\$1,369,042	\$8,769

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$333,741	\$347,201	(\$13,460)
Special Revenue	387,114	129,478	257,636
Capital Projects	23,671	23,671	0
Enterprise	664,927	634,522	30,405
Permanent	21,573	5,264	16,309
Total	\$1,431,026	\$1,140,136	\$290,890

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the 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 is due December 31. The second half payment is due the following June 20.

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, 2015 was as follows:

	Principal	Interest Rate
Property Loan	\$52,000	4.25%
Excavator Loan	38,792	4.30
Dump Truck	51,276	3.45
Police Cruiser	21,088	3.40
Stutphen Custom Pumper	140,028	3.21
Total	\$303,184	

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.

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 with the final payment due in October 2018.

During 2015, the Village entered into a lease-purchase agreement in the amount of \$70,000 with PNC Equipment Finance, LLC for the purchase of a 2015 Ford Dump Truck. The loan has a term of five years with the final payment due in February 2018. Interest and principal are due monthly. Payment will be made from the Capital Projects Capital Project Fund and the Water and Sewer Enterprise Funds.

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

6. DEBT – (Continued)

During 2015, the Village entered into a lease-purchase agreement in the amount of \$24,000 with PNC Equipment Finance, LLC for the purchase of a police cruiser. The loan has a term of two years with the final payment due in September 2017. Interest and principal are due monthly. Payment will be made from the Capital Projects Capital Project Fund.

During 2015, the Village entered into a lease-purchase agreement in the amount of \$173,000 with Wells Fargo Equipment Finance, LLC for the purchase of a Sutphen custom pumper. The loan has a term of five years with the final payment due in December 2019. Interest and principal are due monthly. Payment will be made from the Fire Levy Special Revenue Fund.

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

Year ending December 31:	Property Loan	Excavator Loan	Dump Truck	Police Cruiser	Stutphen Custom Pumper
2016	\$6,494	\$14,606	\$24,595	\$12,430	\$37,859
2017	6,302	14,606	24,595	9,322	37,860
2018	6,115	12,053	4,099		37,859
2019	5,928				37,860
2020	5,746				
2021-2025	32,590				
Total	<u>\$63,175</u>	<u>\$41,265</u>	<u>\$53,289</u>	<u>\$21,752</u>	<u>\$151,438</u>

7. RETIREMENT SYSTEMS

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees, including part-time Police Officers, and Public Safety 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 2015 and 2014, OP&F participants contributed 12.25%, 11.50%, and 10.75% of their wages from July 1, 2015 to December 31, 2015, July 1, 2014 to June 30, 2015, and January 1, 2014 to June 30, 2014, respectively. For 2015 and 2014, the Village contributed to OP&F an amount equal to 19.50% of full-time police members' wages. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

8. RISK MANAGEMENT

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

8. RISK MANAGEMENT – (Continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 and 783 members as of December 31, 2015 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015 and 2014 (the latest information available).

	2015	2014
Assets	\$14,643,667	\$14,830,185
Liabilities	(9,112,030)	(8,942,504)
Members’ Equity	\$5,531,637	\$5,887,681

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

9. SUBSEQUENT EVENTS

The Village was approved for a design loan for the water system through the Ohio Environmental Protection Agency in the amount of \$205,676 at an interest rate 1.54%. In addition, the Village entered into a lease-purchase agreement with Government Lease Co. for the installation of three video camera systems for its police cruisers from pro-vision. The lease is for three years and \$12,000.



Dave Yost • Auditor of State

Village of New Waterford
Columbiana County
3760 Village Park Drive
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 cash balances, receipts, and disbursements by fund type of the Village of New Waterford, Columbiana County, (the "Village") as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated August 29, 2016, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2015-001 and 2015-002 to be material weaknesses.

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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

August 29, 2016

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-001

Material Weakness

Posting of Receipts and Disbursements

Sound financial reporting is the responsibility of the Fiscal Officer and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The Fiscal Officer did not correctly post all receipts and disbursements. This was attributed to not abiding by the adopted chart of accounts. The Fiscal Officer has agreed to and posted to the ledgers the following adjustments and reclassifications, which are reflected in the accompanying financial statements:

2015:

FUND	ACCOUNT TYPE	AMOUNT	DESCRIPTION
Adjustment:			
Agency	Other Non-operating Receipts and Other Non-operating Disbursements	85,939 and 87,742	To account for Mayor's Court activity on the financial statements.
Reclassifications:			
Capital Project	Miscellaneous Revenue and Capital Outlay Disbursement	\$3,848	To adjust the financial statements for an insurance reimbursement that was posted as a refunded expense instead of Miscellaneous Revenue
Capital Project	Principal Retirement, Interest and Fiscal Charges and Capital Outlay Disbursement	13,292	To reclassify principal and interest payments posted to capital outlay. \$10,381 should have been posted to principal retirement and \$2,911 should have been posted to interest and fiscal charges.

**FINDING NUMBER 2015-001
 (Continued)**

Capital Project	Intergovernmental Revenue and Transfers-In	4,942	To reclassify a grant posted as a Transfer In instead of Intergovernmental Revenue.
Enterprise (Water and Sewer)	Principal Retirement, Interest and Fiscal Charges and Capital Outlay Disbursement	33,392	To reclassify principal and interest payments posted to capital outlay. \$30,030 should have been posted to principal retirement and \$3,362 should have been posted to interest and fiscal charges.
Special Revenue (Fire Levy Fund)	Principal Retirement, Interest and Fiscal Charges and Capital Outlay Disbursement	37,860	To reclassify principal and interest payments posted to capital outlay. \$32,972 should have been posted to principal retirement and \$4,888 should have been posted to interest and fiscal charges.

2014:

FUND	ACCOUNT TYPE	AMOUNT	DESCRIPTION
Adjustment:			
Agency	Other Non-operating Receipts and Other Non-operating Disbursements	\$103,677 and \$103,484	To adjust the financial statements to record the Mayor's Court activity on the financial statements.
Reclassifications:			
Capital Project	Principal Retirement, Interest and Fiscal Charges and Capital Outlay Disbursement	\$8,322	Reclassify principal and interest payments posted to capital outlay, \$5,544 to principal retirement and \$2,778 to interest and fiscal charges.

**FINDING NUMBER 2015-001
 (Continued)**

Enterprise (Water and Sewer)	Principal Retirement, Interest and Fiscal Charges and Capital Outlay Disbursement	21,503	To reclassify principal and interest payments posted to capital outlay. \$18,645 should have been posted to principal retirement and \$2,858 should have been posted to interest and fiscal charges.
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Other receipt and expense errors were identified but were not deemed material.

Failure to consistently properly post all transactions increases the possibility the Village will not be able to identify, assemble, analyze, classify record and report its transactions correctly or to document compliance with finance related legal and contractual requirements.

The Fiscal Officer should maintain the accounting system to enable the Village to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to the UAN chart of accounts to help ensure that financial activity of the Village is accurately recorded and reported.

FINDING NUMBER 2015-002

Material Weakness

Budgetary Measures

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow village council to make informed decisions regarding budgetary matters,

Authorized budgetary measures were not accurately posted to the accounting ledgers in 2015 and 2014.

The following variances were identified:

2015:

FUND	APPROPRIATIONS POSTED TO SYSTEM	APPROPRIATIONS APPROVED BY COUNCIL	VARIANCE
General	\$363,336	\$363,708	\$372

**FINDING NUMBER 2015-002
 (Continued)**

Street Construction, Maintenance and Repair	66,351	75,155	8,804
Fire Levy	72,988	73,395	407
Fire Operating	269,471	286,239	16,768
Water	322,714	313,706	9,008
Sewer	244,760	245,060	300

FUND	FINAL BUDGET POSTED TO SYSTEM	AMOUNT PER THE CERTIFICATE OF ESTIMATED RESOURCES	VARIANCE
Sewer Enterprise Fund	\$248,700	\$250,000	\$1,300

2014:

FUND	APPROPRIATIONS POSTED TO SYSTEM	APPROPRIATIONS APPROVED BY COUNCIL	VARIANCE
General	\$354,451	\$333,741	\$20,710
Street Construction, Maintenance and Repair	62,190	68,858	6,668
Fire Levy	47,317	48,000	683
Fire Operating	241,891	170,658	71,233
Water	301,880	306,829	4,949
Sewer	253,200	264,098	10,898

**FIINDING NUMBER 2015-002
(Continued)**

FUND	FINAL BUDGET POSTED TO SYSTEM	AMOUNT PER THE CERTIFICATE OF ESTIMATED RESOURCES	VARIANCE
General	\$343,738	\$353,738	\$10,000

Village Council had no procedures in place to ensure only authorized appropriations were posted to the ledgers. When authorized budgetary measures are not accurately posted to the ledgers, the budget vs. actual information generated by the Village's accounting system is not an accurate reflection of the intentions of the Council.

The Village should take steps to ensure that all budgetary actions are posted in an accurate and timely manner.

Official's Response: No responses from officials were received.

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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 20, 2016