



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, 2007	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2007	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2006	7
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2006	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

THIS PAGE INTENTIONALLY LEFT BLANK.



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

March 31, 2009

THIS PAGE INTENTIONALLY LEFT BLANK.



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, 2007 and 2006. 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 GAAP presentation requirements. The Auditor of State permits, but does not require Villages 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.

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, 2007 and 2006 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, 2007 and 2006, 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, 2007 and 2006, 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 March 31, 2009, 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

March 31, 2009

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, 2007**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:					
Property and Local Taxes	\$54,368	\$17,635			\$72,003
Intergovernmental	63,957	78,880	\$24,620		167,457
Charges for Services		58,500			58,500
Fines, Licenses and Permits	26,083	2,448			28,531
Earnings on Investments	12,508	4,722	282	\$5,785	23,297
Miscellaneous	916	20	111	1,344	2,391
	<u>157,832</u>	<u>162,205</u>	<u>25,013</u>	<u>7,129</u>	<u>352,179</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
Security of Persons and Property	176,945	39,297			216,242
Leisure Time Activities	15,964	4,400		11,804	32,168
Community Environment	4				4
Transportation		72,936			72,936
General Government	76,068	1,199			77,267
Debt Service:					
Redemption of Principal	9,024	25,390	19,460		53,874
Interest and Fiscal Charges	441	6,492			6,933
Capital Outlay		1,654	46,292		47,946
	<u>278,446</u>	<u>151,368</u>	<u>65,752</u>	<u>11,804</u>	<u>507,370</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	<u>(120,614)</u>	<u>10,837</u>	<u>(40,739)</u>	<u>(4,675)</u>	<u>(155,191)</u>
Other Financing Receipts / (Disbursements):					
Transfers-In	101,500		38,500		140,000
Other Financing Sources	1,747			165	1,912
	<u>103,247</u>	<u>0</u>	<u>38,500</u>	<u>165</u>	<u>141,912</u>
Total Other Financing Receipts / (Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(17,367)	10,837	(2,239)	(4,510)	(13,279)
Fund Cash Balances, January 1	39,634	137,346	21,877	113,187	312,044
Fund Cash Balances, December 31	<u>\$22,267</u>	<u>\$148,183</u>	<u>\$19,638</u>	<u>\$108,677</u>	<u>\$298,765</u>
Reserve for Encumbrances, December 31	<u>\$420</u>	<u>\$30,471</u>	<u>\$0</u>	<u>\$0</u>	<u>\$30,891</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 FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$473,590		\$473,590
Total Operating Cash Receipts	473,590	0	473,590
Operating Cash Disbursements:			
Personal Services	87,189		87,189
Employee Fringe Benefits	15,867		15,867
Contractual Services	165,243		165,243
Supplies and Materials	45,369		45,369
Other	5,563		5,563
Total Operating Cash Disbursements	319,231	0	319,231
Operating Income	154,359	0	154,359
Non-Operating Cash Receipts:			
Property and Other Local Taxes		\$157,441	157,441
Intergovernmental	2,262		2,262
Earnings on Investments	3,039		3,039
Other Non-Operating Cash Receipts		12,847	12,847
Total Non-Operating Cash Receipts	5,301	170,288	175,589
Non-Operating Cash Disbursements:			
Capital Outlay	20,456		20,456
Redemption of Principal	119,005		119,005
Interest and Other Fiscal Charges	52,477		52,477
Other Non-Operating Cash Disbursements		12,666	12,666
Total Non-Operating Cash Disbursements	191,938	12,666	204,604
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	(32,278)	157,622	125,344
Transfers-In	145,264		145,264
Transfers-Out	(145,264)	(140,000)	(285,264)
Net Receipts Over/(Under) Disbursements	(32,278)	17,622	(14,656)
Fund Cash Balances, January 1	177,302	12,728	190,030
Fund Cash Balances, December 31	\$145,024	\$30,350	\$175,374
Reserve for Encumbrances, December 31	\$300	\$0	\$300

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, 2006**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:					
Property and Local Taxes	\$90,814	\$18,116			\$108,930
Intergovernmental	53,463	82,216			135,679
Charges for Services	85	43,500			43,585
Fines, Licenses and Permits	28,329	3,530			31,859
Earnings on Investments	3,762	940	\$313	\$3,959	8,974
Miscellaneous	1,136	2,424		2,630	6,190
	<u>177,589</u>	<u>150,726</u>	<u>313</u>	<u>6,589</u>	<u>335,217</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	164,378	36,573			200,951
Leisure Time Activities	16,611	9,885		9,584	36,080
Community Environment	107				107
Transportation		62,334			62,334
General Government	80,928	3,214			84,142
Debt Service:					
Redemption of Principal	12,918	24,338	19,460		56,716
Interest and Fiscal Charges	4,684	7,545			12,229
Capital Outlay		1,983	23,404		25,387
	<u>279,626</u>	<u>145,872</u>	<u>42,864</u>	<u>9,584</u>	<u>477,946</u>
Total Receipts Over/(Under) Disbursements	<u>(102,037)</u>	<u>4,854</u>	<u>(42,551)</u>	<u>(2,995)</u>	<u>(142,729)</u>
Proceeds from Sale of Public Debt:					
Transfers-In	109,500		30,500		140,000
Advances-In		10,000			10,000
Advances-Out				(10,000)	(10,000)
Other Financing Sources	1,879	200		20	2,099
	<u>111,379</u>	<u>10,200</u>	<u>30,500</u>	<u>(9,980)</u>	<u>142,099</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	9,342	15,054	(12,051)	(12,975)	(630)
Fund Cash Balances, January 1	<u>30,292</u>	<u>122,292</u>	<u>33,928</u>	<u>126,163</u>	<u>312,675</u>
Fund Cash Balances, December 31	<u>\$39,634</u>	<u>\$137,346</u>	<u>\$21,877</u>	<u>\$113,187</u>	<u>\$312,044</u>
Reserve for Encumbrances, December 31	<u>\$428</u>	<u>\$47</u>	<u>\$0</u>	<u>\$0</u>	<u>\$475</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 FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$474,800		\$474,800
Total Operating Cash Receipts	474,800	0	474,800
Operating Cash Disbursements:			
Personal Services	94,900		94,900
Employee Fringe Benefits	11,904		11,904
Contractual Services	163,078		163,078
Supplies and Materials	50,663		50,663
Other	4,907		4,907
Total Operating Cash Disbursements	325,452	0	325,452
Operating Income	149,348	0	149,348
Non-Operating Cash Receipts:			
Property and Other Local Taxes		\$120,956	120,956
Intergovernmental	4,413		4,413
Earnings on Investments	724		724
Miscellaneous Receipts	65		65
Other Non-Operating Cash Receipts		17,751	17,751
Total Non-Operating Cash Receipts	5,202	138,707	143,909
Non-Operating Cash Disbursements:			
Capital Outlay	36,040		36,040
Redemption of Principal	117,053		117,053
Interest and Other Fiscal Charges	46,934		46,934
Other Non-Operating Cash Disbursements		18,768	18,768
Total Non-Operating Cash Disbursements	200,027	18,768	218,795
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(45,477)	119,939	74,462
Transfers-In	149,284		149,284
Transfers-Out	(149,284)	(140,000)	(289,284)
Net Receipts Over/(Under) Disbursements	(45,477)	(20,061)	(65,538)
Fund Cash Balances, January 1	222,779	32,789	255,568
Fund Cash Balances, December 31	\$177,302	\$12,728	\$190,030
Reserve for Encumbrances, December 31	\$180	\$0	\$180

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, 2007 AND 2006**

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 Townships of Unity and Fairfield to provide fire protection.

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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village 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.

Certificates of deposit are valued 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 private-purpose 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, 2007 AND 2006
(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 protection services provided by Unity and Fairfield Townships.

3. Capital Projects 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 local income tax monies to finance capital improvements within 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. 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.

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, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

6. Fiduciary Funds (Agency)

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 significant agency funds are as follows:

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

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.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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 in the subsequent year.

A summary of 2007 and 2006 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, 2007 AND 2006
(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

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

	2007	2006
Demand deposits	(\$20,836)	\$198,812
Public Funds MMA	394,915	200,114
Certificates of deposit	100,060	103,148
Total deposits	474,139	502,074

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2007 and 2006 follow:

2007 Budgeted vs. Actual Receipts				
Fund Type	Budgeted Receipts	Actual Receipts	Variance	
General	\$251,657	\$261,079	\$9,422	
Special Revenue	169,251	162,205	(7,046)	
Capital Projects	112,315	63,513	(48,802)	
Permanent	6,500	7,294	794	
Enterprise	674,264	624,155	(50,109)	
Fiduciary	140,847	170,288	29,441	
Total	\$1,354,834	\$1,288,534	(\$66,300)	

2007 Budgeted vs. Actual Budgetary Basis Expenditures				
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance	
General	\$285,993	\$278,866	\$7,127	
Special Revenue	244,561	181,839	62,722	
Capital Projects	66,620	65,752	868	
Permanent	11,500	11,804	(304)	
Enterprise	733,489	656,733	76,756	
Fiduciary	152,666	152,666	0	
Total	\$1,494,829	\$1,347,660	\$147,169	

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

3. BUDGETARY ACTIVITY – (Continued)

2006 Budgeted vs. Actual Receipts				
Fund Type	Budgeted	Actual	Variance	
	Receipts	Receipts		
General	\$254,383	\$288,968	\$34,585	
Special Revenue	114,880	150,926	36,046	
Capital Projects	50,000	30,813	(19,187)	
Permanent	5,500	6,609	1,109	
Enterprise	655,334	629,286	(26,048)	
Fiduciary	147,751	138,707	(9,044)	
Total	<u>\$1,227,848</u>	<u>\$1,245,309</u>	<u>\$17,461</u>	

2006 Budgeted vs. Actual Budgetary Basis Expenditures				
Fund Type	Appropriation	Budgetary	Variance	
	Authority	Expenditures		
General	\$284,113	\$280,054	\$4,059	
Special Revenue	231,075	145,919	85,156	
Capital Projects	42,865	42,864	1	
Permanent	20,750	9,584	11,166	
Enterprise	741,065	674,943	66,122	
Fiduciary	158,768	158,768	0	
Total	<u>\$1,478,636</u>	<u>\$1,312,132</u>	<u>\$166,504</u>	

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 1% 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.

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

6. DEBT

Debt outstanding at December 31, 2007 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority (OWDA) Loan	\$677,566	0.00%-9.25%
General Obligation Notes	221,347	5.18%-8.35%
Total	\$898,913	

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$1,374,929 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$65,539, including interest, over 25 years. The scheduled payment amount below assumes that \$1,374,929 will be borrowed. The OWDA will adjust scheduled payment 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 General Obligation Notes relate to the purchase of a police cruiser, water/sewer plant renovations, Police and Firemen's Disability and Pension Fund delinquent contributions, an intruder fire truck, a GMC dump truck, Fire Department turnout gear, and the maintenance of the water tower. The General Obligation Notes are collateralized by the Village's taxing authority.

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

	OWDA Loan	G.O. Notes
Year Ending December 31		
2008	\$123,463	\$56,283
2009	124,420	46,289
2010	125,457	36,937
2011	126,579	26,835
2012	127,794	20,932
2013-2014	184,631	53,022
	\$812,344	\$240,298

7. RETIREMENT SYSTEMS

The Village's full-time law enforcement officers belong to the Ohio Police and Fire Pension Fund (OP&F). Other 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.

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

7. RETIREMENT SYSTEMS – (Continued)

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OP&F participants contributed 10% of their wages and the Village contributed to OP&F an amount equal to 19.5% of the participants' wages. For 2007 and 2006, OPERS members contributed 9.5% and 9%, respectively, of their gross salaries and the Village contributed an amount equaling 13.85% and 13.7%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2007.

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

THIS PAGE INTENTIONALLY LEFT BLANK.



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, 2007 and 2006, and have issued our report thereon dated March 31, 2009, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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 Village Council and management. We intend it for no one other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

March 31, 2009



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
MAY 7, 2009