
ALGER & ASSOCIATES, Inc.



PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES

*VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY*

A&A
REGULAR AUDIT

For the Years Ended

December 31, 2019 and 2018

6927 Burgundy Ave NW
North Canton, OH 44720
Phone (330) 353-5851
Fax (330) 768-7574

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

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

We have reviewed the *Independent Auditor's Report* of the Village of New Waterford, Columbiana County, prepared by Alger & Associates, Inc., for the audit period January 1, 2018 through December 31, 2019. 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 "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

November 11, 2020

VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY

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ALGER & ASSOCIATES, Inc.
Certified Public Accountants

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, Ohio (the Village) as of and for the years ended December 31, 2019 and 2018.

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 such 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 2 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, 2019 and December 31, 2018, and the respective changes in financial position or cash flows thereof for the years then ended.

Basis for Additional Opinion Qualification

The Village did not account for the Mayor's Court activity on the Village's accounting system. In addition, there are no bank reconciliations performed for the Mayor's court cash book balances. We were therefore unable to obtain sufficient appropriate audit evidence about the fund balance. The Mayor's court activity represents 100 percent of the Custodial Fund in 2019 and Agency Fund in 2018. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances of the Custodial Fund in 2019 and Agency Fund in 2018 of the Village of New Waterford, Columbiana County, as of December 31, 2019 and 2018, and its 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 2.

Unmodified Opinion on Regulatory Basis of Accounting

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements of the General, Special Revenue, Capital Projects, Permanent and Enterprise Funds, and related notes of the Village of New Waterford, Columbiana County as of December 31, 2019 and 2018, 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 2.

Emphasis of Matter

As discussed in Note 12 to the financial statements, during 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2020, 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.

**Karen S
Alger, CPA**
Digitally signed by Karen S Alger,
CPA
DN: cn=Karen S Alger, CPA, o=Alger
& Associates, Inc, ou,
email=ksalger46@att.net, c=US
Date: 2020.08.24 14:18:55 -04'00'

Alger & Associates, Inc.
Certified Public Accountants
North Canton, Ohio

August 3, 2020

Village of New Waterford, Ohio
Coumbiana County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Capital Projects	Permanenet	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$73,509	\$60,237			\$133,746
Municipal Income Tax	186,827				186,827
Intergovernmental	39,716	91,082			130,798
Charges for Services		85,000			85,000
Fines, Licenses and Permits	55,731				55,731
Earnings on Investments	5,906	575		\$1,873	8,354
Miscellaneous		171			171
<i>Total Cash Receipts</i>	<u>361,689</u>	<u>237,065</u>	<u>-</u>	<u>1,873</u>	<u>600,627</u>
Cash Disbursements					
Current:					
Security of Persons and Property	239,783	109,358			349,141
Leisure Time Activities				2,038	2,038
Transportation		118,577			118,577
General Government	90,550				90,550
Capital Outlay			31,579		31,579
Debt Service:					
Principal Retirement		36,682			36,682
Interest and Fiscal Charges		1,177			1,177
<i>Total Cash Disbursements</i>	<u>330,333</u>	<u>265,794</u>	<u>31,579</u>	<u>2,038</u>	<u>629,744</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>31,356</u>	<u>(28,729)</u>	<u>(31,579)</u>	<u>(165)</u>	<u>(29,117)</u>
Other Financing Receipts (Disbursements)					
Transfers In			27,947		27,947
Transfers Out	(27,947)				(27,947)
Advances In	28,250				28,250
Advances Out	(28,250)				(28,250)
Other Financing Sources	10,793	13,452		5	24,250
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(17,154)</u>	<u>13,452</u>	<u>27,947</u>	<u>5</u>	<u>24,250</u>
<i>Net Change in Fund Cash Balances</i>	14,202	(15,277)	(3,632)	(160)	(4,867)
<i>Fund Cash Balances, January 1 Restated (refer to Note 3)</i>	<u>23,517</u>	<u>62,560</u>	<u>7,215</u>	<u>121,617</u>	<u>214,909</u>
Fund Cash Balances, December 31					
Nonspendable				100,000	100,000
Restricted		47,283	3,583	21,457	72,323
Assigned	22,685				22,685
Unassigned (Deficit)	15,034				15,034
-	<u>\$37,719</u>	<u>\$47,283</u>	<u>\$3,583</u>	<u>\$121,457</u>	<u>\$210,042</u>

See accompanying notes to the basic financial statements

Village of New Waterford, Ohio
Coumbiana County
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2019

	Proprietary Fund Type	Fiduciary Fund Types	Totals
	Enterprise	Custodial	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$756,374		\$756,374
<i>Total Operating Cash Receipts</i>	<u>756,374</u>	<u>-</u>	<u>756,374</u>
Operating Cash Disbursements			
Personal Services	361,902		361,902
Employee Fringe Benefits	56,416		56,416
Other	325,010		325,010
<i>Total Operating Cash Disbursements</i>	<u>743,328</u>	<u>-</u>	<u>743,328</u>
<i>Operating Income (Loss)</i>	<u>13,046</u>	<u>-</u>	<u>13,046</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	771,065		771,065
Loan Proceeds	593,660		593,660
Capital Outlay	(1,133,000)		(1,133,000)
Principal Retirement	(55,458)		(55,458)
Interest and Other Fiscal Charges	(128)		(128)
Other Financing Sources		\$41,075	41,075
Other Financing Uses		(42,955)	(42,955)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>176,139</u>	<u>(1,880)</u>	<u>174,259</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	189,185	(1,880)	187,305
Transfers In	21,826		21,826
Transfers Out	(21,826)		(21,826)
Advances In	28,250		28,250
Advances Out	(28,250)		(28,250)
<i>Net Change in Fund Cash Balances</i>	189,185	(1,880)	187,305
<i>Fund Cash Balances, January 1</i>	<u>173,257</u>	<u>3,525</u>	<u>176,782</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$362,442</u></u>	<u><u>\$1,645</u></u>	<u><u>\$364,087</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF NEW WATERFORD, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 - Reporting Entity

The Village of New Waterford (the Village), Columbiana County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. 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 Townships of Unity and Fairfield.

Public Entity Risk Pool

The Village participates in a public entity risk pool. Note 7 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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:

Street Construction, Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Fire Levy Fund The fire levy fund receives voted real estate tax millage to purchase fire apparatus, equipment and cover operating expenses of the Fire Department.

Fire Protection Operating The fire protection operating fund accounts for and reports charges for service revenue in order to provide fire protection services.

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 funds:

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

VILLAGE OF NEW WATERFORD, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies *(continued)*

Permanent Funds 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 The village park fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Village's park.

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 The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Ambulance Fund The fund receives charges for services from residents and non-residents to cover ambulance service costs.

Basis of Accounting

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 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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.

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 approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 4.

VILLAGE OF NEW WATERFORD, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies (continued)

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.

STAR Plus are recorded at share values the mutual funds report.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

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.

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:

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

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.

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.

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.

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.

VILLAGE OF NEW WATERFORD, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 3 – Prior Period Adjustment

The prior year’s fund balances were adjusted to reflect a voided check and court order transfer of monies from Mayor’s Court Computer Fund to the General fund.

	General Fund	Special Revenue Fund
Fund Cash Balance, December 31, 2018	\$19,497	\$66,480
Prior Period Expenditure voided	100	
Court Order Transfer	3,920	(3,920)
Fund Cash Balance, December 31, 2018	\$23,517	\$62,560

Note 4 - Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$399,142	\$372,482	(\$26,660)
Special Revenue	248,946	250,517	1,571
Capital Projects	27,947	27,947	0
Enterprise	2,909,726	2,142,925	(766,801)
Permanent	1,720	1,878	158
Total	<u>\$3,587,481</u>	<u>\$2,795,749</u>	<u>(\$791,732)</u>

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$389,113	\$358,280	\$30,833
Special Revenue	292,692	265,794	26,898
Capital Projects	32,215	31,579	636
Enterprise	3,041,205	1,953,740	1,087,465
Permanent	\$23,216	\$2,038	\$21,178
Total	<u>\$3,778,441</u>	<u>\$2,611,431</u>	<u>\$1,167,010</u>

Contrary to Ohio law §5705.36 appropriations exceeded available resources (actual receipts plus unencumbered balances) in the Water Operating fund, Sewer Operating and Ambulance fund by \$755,561, \$5,920 and \$4,818, respectively.

VILLAGE OF NEW WATERFORD, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 5 – 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:

	<u>2019</u>
Demand deposits	\$72,858
Certificates of deposit	<u>100,000</u>
Total deposits	<u>172,858</u>
STAR Ohio	247,437
STAR Plus	<u>153,834</u>
Total investments	<u>401,271</u>
Total deposits and investments	<u><u>\$574,129</u></u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation, or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

The Federal Reserve holds the Village's U.S. Treasury Notes in book-entry form by, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities. Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Note 6 – Taxes

Property Taxes

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.

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.

VILLAGE OF NEW WATERFORD, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 7 - Risk Management

Risk Pool Membership

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2019, retention levels are \$50,000 and \$100,000 for property and casualty coverages, respectively.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and accumulated surplus at March 31, 2019.

Assets	\$1,582,183
Liabilities	<u>(1,087,219)</u>
Accumulated Surplus	\$ <u>494,964</u>

Note 8 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 9 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2019.

VILLAGE OF NEW WATERFORD, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 10 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

Note 11 – Debt

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #7845	\$842,551	0%
Ohio Water Development Authority Loan #7862	18,353	0.56%
Ohio Water Development Authority Loan #8399	124,177	0%
Ohio Water Development Authority Loan #8426	378,990	0%
Ohio Water Development Authority Loan #8584	71,085	0%
Total	<u>\$1,435,156</u>	

During 2017, the Village entered into a loan agreement [loan #7845] in the amount of \$899,994 with Ohio Water Development Authority for Phase 1 of the Water System Upgrade Construction. The loan has a term of thirty years. During 2019, the Village paid two semiannual installments of \$14,999.90 in loan payments with the final payment scheduled on December 31, 2049. Payment will be made from the Water System Upgrade Enterprise Fund. The loan has not been finalized and therefore the repayment schedule is not included in the amortization schedule.

During 2017, the Village was approved for a \$232,466 loan [loan #7861] with Ohio Water Development Authority for a Waterlines System Phase 2 planning and design project. The loan balance of \$207,746 was rolled up into loan #8426 in May, 2019. The loan was forgiven on May 30, 2019.

During 2017, the Village entered into a loan agreement [loan #7862] in the amount of \$30,418 with Ohio Water Development Authority for a Sewer Plant Screen Upgrade. The loan has a term of five years. During 2019, the Village paid two semiannual installments of \$3,086.86 in loan payments with the final payment schedule on January 1, 2023. Payment will be made from the Sewer System Upgrade Enterprise Fund.

During 2019, the Village entered into a loan agreement [loan #8399] in the amount of \$196,670 with Ohio Water Development Authority for Crestview School Waterline Extension planning and design. As of December 31, 2019, the Village has total drawn downs of \$143,585 for the current year. The loan has a term of five years. During 2019, the Village paid an installment payment of \$19,408.50 with the final payment scheduled for July 1, 2024. The loan has not been finalized and therefore the repayment schedule is not included in the amortization schedule.

VILLAGE OF NEW WATERFORD, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 11 – Debt *(continued)*

During 2019, the Village entered into a loan agreement [loan #8426] in the amount of \$499,533 with Ohio Water Development Authority for Phase 2 Water Improvements Construction. The loan has a term of thirty years with first payment to be made by July 1, 2021 and the final payment on January 1, 2051. Payment will be made from the Water System Upgrade Enterprise Fund. The loan has not been finalized and therefore the repayment schedule is not included in the amortization schedule.

During 2019, the Village entered into a loan agreement [loan #8584] in the amount of \$97,720 with Ohio Water Development Authority for Phase 3A of the Water System Upgrade Design. The loan has a term of five years with first payment to be made by January 1, 2021 and the final payment on July 1, 2025. Payment will be made from the Water System Upgrade Enterprise Fund. The loan has not been finalized and therefore the repayment schedule is not included in the amortization schedule.

Amortization

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

Year Ending December 31:	Sewer Plant
2020	6,178
2021	6,178
2022	6,178
Total	<u>\$18,534</u>

Note 12 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Village of New Waterford, Ohio
Columbiana County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018

	General	Special Revenue	Capital Projects	Permanenet	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$76,158	\$61,386			\$137,544
Municipal Income Tax	162,405				162,405
Intergovernmental	37,062	93,135			130,197
Charges for Services		74,999			74,999
Fines, Licenses and Permits	61,978	1,535			63,513
Earnings on Investments	4,587	319		\$1,809	6,715
Miscellaneous		442			442
<i>Total Cash Receipts</i>	<u>342,190</u>	<u>231,816</u>	<u>-</u>	<u>1,809</u>	<u>575,815</u>
Cash Disbursements					
Current:					
Security of Persons and Property	238,695	93,232			331,927
Leisure Time Activities				3,263	3,263
Transportation		92,849			92,849
General Government	109,617	1,094			110,711
Capital Outlay			19,960		19,960
Debt Service:					
Principal Retirement		46,515	1,494		48,009
Interest and Fiscal Charges		2,476	111		2,587
<i>Total Cash Disbursements</i>	<u>348,312</u>	<u>236,166</u>	<u>21,565</u>	<u>3,263</u>	<u>609,306</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(6,122)</u>	<u>(4,350)</u>	<u>(21,565)</u>	<u>(1,454)</u>	<u>(33,491)</u>
Other Financing Receipts (Disbursements)					
Transfers In			28,738		28,738
Transfers Out	(28,738)				(28,738)
Advances In	27,000				27,000
Advances Out	(15,000)				(15,000)
Other Financing Sources	11,004	8,178			19,182
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(5,734)</u>	<u>8,178</u>	<u>28,738</u>	<u>-</u>	<u>31,182</u>
<i>Net Change in Fund Cash Balances</i>	<u>(11,856)</u>	<u>3,828</u>	<u>7,173</u>	<u>(1,454)</u>	<u>(2,309)</u>
<i>Fund Cash Balances, January 1</i>	<u>31,353</u>	<u>62,652</u>	<u>42</u>	<u>123,071</u>	<u>217,118</u>
Fund Cash Balances, December 31					
Nonspendable				100,000	100,000
Restricted		66,480	7,215	21,617	95,312
Assigned	19,418				19,418
Unassigned (Deficit)	79				79
<i>Fund Cash Balances, December 31</i>	<u>\$19,497</u>	<u>\$66,480</u>	<u>\$7,215</u>	<u>\$121,617</u>	<u>\$214,809</u>

See accompanying notes to the basic financial statements

Village of New Waterford, Ohio
Coumbiana County
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2018

	Proprietary Fund Type	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$726,395		\$726,395
<i>Total Operating Cash Receipts</i>	<u>726,395</u>	<u>-</u>	<u>726,395</u>
Operating Cash Disbursements			
Personal Services	322,204		322,204
Employee Fringe Benefits	50,893		50,893
Other	367,120		367,120
<i>Total Operating Cash Disbursements</i>	<u>740,217</u>	<u>-</u>	<u>740,217</u>
<i>Operating Income (Loss)</i>	<u>(13,822)</u>	<u>-</u>	<u>(13,822)</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	539,620		539,620
Loan Proceeds	860,607		860,607
Capital Outlay	(1,344,946)		(1,344,946)
Principal Retirement	(51,099)		(51,099)
Interest and Other Fiscal Charges	(338)		(338)
Other Financing Sources		\$47,225	47,225
Other Financing Uses		(48,635)	(48,635)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>3,844</u>	<u>(1,410)</u>	<u>2,434</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	(9,978)	(1,410)	(11,388)
Transfers In	37,001		37,001
Transfers Out	(37,001)		(37,001)
Advances In	15,000		15,000
Advances Out	(27,000)		(27,000)
<i>Net Change in Fund Cash Balances</i>	(21,978)	(1,410)	(23,388)
<i>Fund Cash Balances, January 1</i>	<u>195,156</u>	<u>4,935</u>	<u>200,091</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$173,178</u></u>	<u><u>\$3,525</u></u>	<u><u>\$176,703</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF NEW WATERFORD, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 - Reporting Entity

The Village of New Waterford (the Village), Columbiana County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. 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 Townships of Unity and Fairfield.

Public Entity Risk Pool

The Village participates in a public entity risk pool. Note 6 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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:

Street Construction, Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Fire Levy Fund The fire levy fund receives voted real estate tax millage to purchase fire apparatus, equipment and cover operating expenses of the Fire Department.

Fire Protection Operating The fire protection operating fund accounts for and reports charges for service revenue in order to provide fire protection services.

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 funds:

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

VILLAGE OF NEW WATERFORD, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies *(continued)*

Permanent Funds 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 The village park fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Village's park.

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 The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Ambulance Fund The fund receives charges for services from residents and non-residents to cover ambulance service costs.

Basis of Accounting

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 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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.

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 approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 3.

VILLAGE OF NEW WATERFORD, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies *(continued)*

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.

STAR Plus are recorded at share values the mutual funds report.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

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.

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:

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

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.

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.

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.

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.

VILLAGE OF NEW WATERFORD, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$348,052	\$353,194	\$5,142
Special Revenue	213,930	239,994	26,064
Capital Projects	25,000	28,738	3,738
Enterprise	1,035,600	2,163,623	1,128,023
Permanent	(98,495)	1,809	100,304
Total	\$1,524,087	\$2,787,358	\$1,263,271

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$383,712	\$377,050	\$6,662
Special Revenue	247,704	236,166	11,538
Capital Projects	25,042	21,565	3,477
Enterprise	1,298,634	2,173,601	(874,967)
Permanent	\$3,263	\$3,263	\$0
Total	\$1,958,355	\$2,811,645	(\$853,290)

Contrary to Ohio law §5705.39, appropriation authority exceeded total estimated resources in the General fund, Water Operating fund, and New Waterford Ambulance fund by \$2,890, \$246,990 and \$5,264, respectively.

Contrary to Ohio law §5705.41(B), budgetary expenditures exceeded appropriation authority in the Water Operating fund by \$884,882 resulting from under-posting of OWDA loan #7845 and an OPWC on-behalf grant not posted.

Contrary to Ohio law §5705.36(A) (3) an amended certificate of estimated resources was not obtained for OPWC projects.

Note 4 – 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:

	2018
Demand deposits	\$80,152
Certificates of deposit	100,000
Total deposits	180,152
STAR Ohio	10,086
STAR Plus	201,274
Total investments	211,360
Total deposits and investments	\$391,512

VILLAGE OF NEW WATERFORD, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 – Deposits and Investments *(continued)*

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation, or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

The Federal Reserve holds the Village's U.S. Treasury Notes in book-entry form by, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities. Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Taxes

Property Taxes

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.

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.

Note 6 - Risk Management

Risk Pool Membership

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2018, retention levels are \$50,000 and \$100,000 for property and casualty coverages, respectively.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements. The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and accumulated surplus at March 31, 2018.

VILLAGE OF NEW WATERFORD, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 6 - Risk Management *(continued)*

Assets	\$1,341,128
Liabilities	<u>(884,941)</u>
Accumulated Surplus	\$ <u>456,187</u>

Note 7 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2018.

Note 9 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

VILLAGE OF NEW WATERFORD, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 10 – Debt

Adjusted Debt Outstanding as of 12/31/2017 as follows:

	Principal
Prior Audit Outstanding Balance:	\$ 134,422.00
Cruiser Camera Paid off in 2017	\$ (4,667.00)
Ohio Water Development Authority Loan #7228	\$ 30,769.00
Ohio Water Development Authority Loan #7845	\$ 150,125.00
Ohio Water Development Authority Loan #7861	\$ 69,565.00
Adjusted Outstanding Balance:	<u><u>\$ 380,214.00</u></u>

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
Stutphen Custom Pumper	\$36,683	3.21%
Ohio Water Development Authority Loan #7845	872,551	0%
Ohio Water Development Authority Loan #7861	207,746	0%
Ohio Water Development Authority Loan #7862	24,402	0.56%
Total	<u><u>\$1,141,382</u></u> (a)	

(a) OWDA adjusted Loan #7228 down by \$331 in 2018

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 Sutphen Custom Pumper. The lease-purchase has a term of five years with the final payment due in December 2019. Interest and principal are due annually. Payment will be made from the Fire Levy Special Revenue Fund.

During 2017, the Village entered into a loan agreement [loan #7845] in the amount of \$899,994 with Ohio Water Development Authority for Phase 1 of the Water System Upgrade Construction. As of December 31, 2018, the Village has total drawn downs of \$722,426 for the current year. The loan has a term of thirty years with first payment to be made by July 1, 2019 and the final payment on January 1, 2049. Principal is due every six months. Payment will be made from the Water System Upgrade Enterprise Fund. The loan has not been finalized and therefore the repayment schedule is not included in the amortization schedule.

During 2017, the Village was approved for a \$232,466 loan [loan #7861] with Ohio Water Development Authority for a Waterlines System Phase 2 planning and design project. As of December 31, 2018, the Village has total drawn downs of \$138,181 for the current year. The loan has a term of five years with first payment to be made by July 1, 2019 and the final payment on January 1, 2024. The loan has not been finalized and therefore the repayment schedule is not included in the amortization schedule.

During 2017, the Village entered into a loan agreement [loan #7862] in the amount of \$30,000 with Ohio Water Development Authority for a Sewer Plant Screen Upgrade. During 2018, the Village paid two semiannual installments of \$3,086.86 in loan payments, with the final payment scheduled on January 1, 2023. Payment will be made from the Sewer System Upgrade Enterprise Fund.

VILLAGE OF NEW WATERFORD, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 10 – Debt *(continued)*

Amortization

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

Year Ending December 31:	Stutphen Custom Pumper	Sewer Plant
2019	\$37,860	\$6,178
2020	-	6,178
2021		6,178
2022		6,178
Total	<u>\$37,860</u>	<u>\$24,712</u>



ALGER & ASSOCIATES, Inc.
Certified Public Accountants

**INDEPENDENT AUDITOR'S 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
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 Waterford, Columbiana County, (the Village) as of and for the years ended December 31, 2019 and December 31, 2018, and the related notes to the financial statements, and have issued our report thereon dated August 3, 2020, 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. We also qualified our opinion due to the lack of sufficient appropriate audit evidence supporting the amounts recorded in the Custodial Fund in 2019 and Agency Fund in 2018. In addition, as disclosed in Note 12, the United States and the State of Ohio declared a state of emergency in March, 2020 due to the COVID-19 pandemic. The ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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 2019-001 through 2019-006 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2019-001 through 2019-004.

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 report is not suitable for any other purpose.

Karen S
Alger, CPA



Digitally signed by Karen S Alger,
CPA
DN: cn=Karen S Alger, CPA,
o=Alger & Associates, Inc, ou,
email=ksalger46@att.net, c=US
Date: 2020.08.24 14:18:34 -04'00'

Alger & Associates, Inc.
Certified Public Accountants
North Canton, Ohio

August 3, 2020

VILLAGE OF NEW WATERFORD, Ohio
Columbiana County

SCHEDULE OF FINDINGS
December 31, 2018 – 2019

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

FINDING NUMBER 2019-001

Noncompliance Citation/Material Weakness – On-Behalf Payments

Auditor of State Bulletins 2000-008 and 2002-004 provide guidance for local governments participating in on-behalf programs with other governments as to the application of Statement No. 24 of the Governmental Accounting Standards Board. In general, when a local government enters into an on- behalf program agreement with another local government or the State (or the federal government, if applicable), whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf disbursements are made.

There are also several budgetary compliance requirements associated with the recording of such program receipts and disbursements:

- Ohio Revised Code §5705.09(F) requires the establishment of such special funds in which the legislative authority to approve, by resolution, the grant or program application and must establish any fund(s) necessary to meet the grant or project objectives.
- Once the grant is awarded or the application is approved, the fiscal officer must obtain an official certificate of estimated resources or an amended certificate of estimated resources for all or part of the grant project, based on the expected cash disbursements to be made on the local government’s behalf in the current fiscal year in accordance with Ohio Revised Code §5705.36(A)(3).
- Ohio Revised Code §5705.41(B) prohibits a subdivision or taxing unit from making expenditures unless they have been properly appropriated; therefore, appropriations should be recorded in accordance with the terms and conditions of the grant or project agreement. Ohio Revised Code §5705.40 requires the legislative authority to pass a resolution amending its appropriation measure prior to recording the appropriations.

The Village was the beneficiary of the Ohio Public Works Commission (OPWC) monies that were paid directly to the vendors for a total of \$364,125 in 2018. The Village did not record the receipts and expenditure transactions relating to these OPWC on-behalf payments. These adjustments were made to the Village’s financial statements and related notes for the year ended December 31, 2018 in relation to these on-behalf payments. The Village posted the OPWC monies correctly in 2019.

In addition, the Village did not amend their estimated resources and appropriations to properly budget for the expected grant receipts and expenditures. Ohio Revised Code §5705.41(B) budgetary violation for expenditures exceeding appropriations were noted for the grant expenditure in 2018 by the \$347,949 in the Enterprise Fund, Water Operating Fund.

In general, when approved for funding by a State or Federal agency, the Village should follow the reporting requirements summarized by Auditor of State Bulletins 2000-008 and 2002-004, as well as applicable budgetary requirements of certifying the available resources to the County Budget Commission and amend appropriations to account for the expected grant or project receipts and expenditures.

We recommend the Village consult with their engineer or other personnel to obtain the required supporting documentation and review the Village Officer’s Handbook, to help ensure accurate financial reporting. The Village should review the Auditor of State Bulletins 2000-008 and 2002-004, as well as applicable budgetary requirements of certifying the available resources to the County Budget Commission and amend appropriations to account for the expected grant or project receipts and expenditures. We also recommend the Village consider establishing a policy/procedure for reviewing the State or Federal agency correspondence/documentation related to ongoing projects in which on-behalf type payment activity would be occurring (i.e., the OPWC website – Disbursement History Reports).

VILLAGE OF NEW WATERFORD, Ohio
Columbiana County

SCHEDULE OF FINDINGS
December 31, 2018 – 2019

FINDING NUMBER 2019-001 (continued)

Noncompliance Citation/Material Weakness – On-Behalf Payments (continued)

The Fiscal Officer should utilize the Ohio Village’s accounting manual and Uniform Accounting Network Accounting (UAN) manual to assist in identifying proper accounts and funds. In addition, the Board should review monthly receipt and disbursement reports to help ensure transactions are properly classified. This may help ensure the Village’s financial activity is accurately reported.

FINDING NUMBER 2019-002

Material Noncompliance/Material Weakness – Ohio Revised Code §5705.36(A)(2)

Ohio Revised Code §5705.36(A)(2) allows subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. Ohio Revised Code §5705.36(A)(4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

The Village had appropriations in excess of available resources in the following funds at December 31, 2019:

Fund	Total Actual Resources	Final Appropriations	Variance
Water Operating	\$1,715,592	\$2,471,153	\$755,561
Sewer Operating	313,446	319,366	5,920
Ambulance	133,268	138,086	4,818

The condition may put the Village at risk of overspending without sufficient available funds.

The Village should implement additional monitoring procedures to ensure the appropriations are within available resources and that reduced amended certificates, and related reductions in appropriations, are obtained when appropriate.

FINDING NUMBER 2019-003

Material Noncompliance/Material Weakness – Appropriations Limited by Estimated Resources

Ohio Rev. Code §5705.39 provides in part that the total appropriations from each fund shall not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

As of December 31, 2018, the following funds had appropriations exceeding total estimated resources.

Fund	Total Estimated Resources	Final Appropriations	Variance
General Fund	\$380,822	\$383,712	\$2,890
Water Operating Fund	\$601,128	\$848,118	\$246,990
Ambulance	\$118,656	\$123,920	\$5,264

This situation may lead to disbursements within said funds exceeding the actual revenue available and negative cash fund balances.

Management should monitor the budgetary cycle throughout the year to ensure appropriations do not exceed the amounts on the certificate of estimated resources and obtain any amendments thereto as well as compare estimated resources to the actual resources to assure estimates are in-line with actual revenues.

VILLAGE OF NEW WATERFORD, Ohio
Columbiana County

SCHEDULE OF FINDINGS
December 31, 2018 – 2019

FINDING NUMBER 2019-004

*** Noncompliance Citation/Material Weakness - Certifying Availability of Funds**

Ohio Rev. Code §15705.41(D) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

- The fiscal officer can certify that both at the time that the contract or order was made ("then") and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has 30 days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of the expenditures by the Village.

- Blanket Certificates. Fiscal officers may prepare "blanket" certificates if the Village has approved their use and established maximum amounts.
- Super Blanket Certificates. The Village may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonable predictable operation expense. This certification is not to extend beyond the current year. More than one so-called "super blanket" certificate may be outstanding at a particular time for any line item appropriation.

During the audit period, the Fiscal Officer did not certify the availability of funds prior to the purchase commitment for 21% of expenditures tested. For these items the Village also did not prepare blanket certificates, super blankets certificates or then and now certificates in accordance with the Ohio Revised Code. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

We recommend the Village certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment and only when the requirements of 5705.41(D) are satisfied.

VILLAGE OF NEW WATERFORD, Ohio
Columbiana County

SCHEDULE OF FINDINGS
December 31, 2018 – 2019

FINDING NUMBER 2019-005

Material Weakness - Accurate Posting of Transactions

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

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 abide by the adopted chart of account in coding and classifying various transactions in 2019 and 2018. This resulted in adjustments and reclassifications to the financial statements. The corrected amounts are reflected in the accompanying financial statements.

The Village recorded several transactions incorrectly. Incorrect postings identified included the following:

2018 Incorrect postings resulting in financial statement adjustments:

- The Mayor's Court activity, both receipts and expenditures were not shown on the financial statements. Other Non-operating Receipts for \$47,225 and Other Non-operating Disbursements for \$48,635 are adjusted to reflect the year's activity in the Agency Fund on the financial statements.
- The Fiscal Officer posted two 2017 OWDA transactions as revenue and expenditure totaling \$25,968.60 into the 2018 calendar year UAN accounting system for loan #7861 overstating both revenues and expenditures. The 2017 financial statements reflected properly the transaction; therefore, an adjustment was made in the 2018 financial statements.
- OWDA distributed \$722,426 to the Village in calendar year 2018 for loan #7845; however, the Fiscal Officer posted \$159,524. An adjustment was made to record the revenue as Loan Proceeds and the expenditures to Capital Outlay of \$562,902.

2018 Incorrect postings resulting in financial statement reclassifications:

- The principal and interest payments for the Sutphen Fire Pumper were improperly posted to Capital Outlay account within the Fire Levy Fund for \$37,859. The financial statements reflect the reclassification of \$35,542 to principal retirement account and \$2,317 to the interest and fiscal charges account within the Fire Levy Fund.
- A principal payment for the 2012 Property Loan was improperly posted to Capital Outlay account in the Fire Operating Fund for \$11,132. The financial statements reflect the reclassification of the \$10,973 to principal retirement account and \$159 to Interest and Fiscal Charges account within the Fire Operating Fund. In addition, a principal payment for the 2012 Property Loan was improperly posted to Capital Outlay account in the Water Operating Fund for \$11,132. The financial statements reflect the reclassification of the \$10,972 to principal retirement account and \$160 to Interest and Fiscal Charges account within the Water Operating Fund.

VILLAGE OF NEW WATERFORD, Ohio
Columbiana County

SCHEDULE OF FINDINGS
December 31, 2018 – 2019

FINDING NUMBER 2019-005 *(continued)*

Material Weakness - Accurate Posting of Transactions *(continued)*

2018 Incorrect postings resulting in financial statement reclassifications *(continued)*

- The principal and interest payments for the 2015 F-550 Dump Truck in the amount of \$4,082 and \$19 respectively, were posted within the Capital Project Fund, Water Operating Fund and the Sewer Operating Fund; however, within each of the funds the following reclassifications were made to properly reflect the principal and interest payments in the financial statements.
 - Capital Project Fund - the Fiscal Officer improperly posted Capital Outlay account for \$411 rather than the Principal Retirement account of \$408 and Interest and Fiscal Charges account for \$3;
 - Water Operating Fund - the Fiscal Officer improperly posted \$1,025 to the Capital Outlay account and \$1,025 Other Operating Cash Disbursement account rather than Principal Retirement for \$2,041 and \$9 Interest and Fiscal Charges account;
 - Sewer Operating Fund – the Fiscal Officer improperly posted to Capital Outlay account for \$820 and Other Operating Cash Disbursement account for \$820 rather than in the Principal Retirement account for \$1,633 and the Interest and Fiscal Charges account for \$7.
- The Fiscal Officer posted the loan proceeds received from OWDA in the amount of \$138,181 for loan #7845 and \$159,524 for loan #7861 improperly as Intergovernmental Revenue account rather than the Loans Proceeds account within the Water Operating Fund. A reclassification was made to the financial statements.

2019 Incorrect postings resulting in financial statement adjustments:

- The Mayor’s Court activity, both receipts and expenditures were not shown on the financial statements. Other Non-operating Receipts for \$41,075 and Other Non-operating Disbursements for \$42,955 are adjusted to reflect the year’s activity in the Custodial Fund on the financial statements.
- OWDA loan #7861 had distribution of \$207,746 in 2018 and was booked by the Village. During 2019, the loan was rolled-up into loan #8426 in May, 2019 and was forgiven on May 30, 2019. The Fiscal Officer booked the \$207,746 again in December, 2019 overstating the Intergovernmental Revenue account and the Capital Outlay expenditure account within the Water Operating Fund. An adjustment was made to the financial statements.
- OWDA loan #8426 had distribution of \$378,990 during 2019; however, the Fiscal Officer booked \$625,518. Of the \$625,518 overbooked, \$207,746 was for the loan #7861 rolled over. The Fiscal Officer had booked for the third time the amount to the Intergovernmental Revenue account and the Capital Outlay expenditure account in the Water Operating Fund. An adjustment was made to the financial statements.

2019 Incorrect postings resulting in financial statement reclassifications:

- The principal and interest payments for the 2015 Sutphen Fire Pumper were improperly posted to Security of Persons & Property account within the Fire Levy Fund for \$37,859. The financial statements reflect the reclassification of \$36,682 to the principal retirement account and \$1,177 to the interest and fiscal charges account within the Fire Levy Fund.
- The Fiscal Officer posted the loan proceeds received from OWDA in the amount of \$143,586 for loan #8399; \$378,990 for loan #8426 and \$71,085 for loan #8584 improperly as Intergovernmental Revenue account rather than the Loans Proceeds account within the Water Operating Fund. A reclassification was made to the financial statements.

VILLAGE OF NEW WATERFORD, Ohio
Columbiana County

SCHEDULE OF FINDINGS
December 31, 2018 – 2019

FINDING NUMBER 2019-005 *(continued)*

Material Weakness - Accurate Posting of Transactions *(continued)*

Also based on provisions in GASB 54, paragraph 16 and Implementation Guide Z.54.13 assigned balances include year-end general fund balances appropriated in the subsequent year. The Village's 2020 appropriations of \$393,810 within the General Fund were higher than the estimated resources of \$371,125 by \$22,685 therefore the fund amount at year-end balance of \$22,685 should be reported as assigned fund in 2019 with the remaining \$15,034 as unassigned. The Village's 2019 appropriations of \$379,113 within the General Fund were higher than the estimated resources of \$359,695 by \$19,418, therefore the fund amount at year-end balance of \$19,418 should be reported as assigned fund in 2018 with the remainder \$79 as unassigned. In addition, for both 2018 and 2019 the permanent fund's [Village Park Fund], entire fund balance was improperly reported as nonspendable classification. Only the principal portion, \$100,000 should be report as non-spendable and the earnings portion as restricted; therefore, a reclassification of \$21,457 in 2019 and \$21,617 in 2018 was made to the report the fund balance as restricted in the applicable financial statements.

The 2019 Notes had the following errors:

- The total demand deposits within the Equity in Pooled Deposits and Investments Note did not agree to the ending fund balance within the financial statements due to the Mayor's Court not on the financial statements;
- The Budgetary Activity Note did not include the proper comparison tables and figures;
- The Debt Note did not report an accurate ending balance and the amortization table was not updated to reflect the remaining payments.
- The Risk Management Note did not reflect the most current information; and
- The Post-Employment Benefits Note was omitted.

The 2018 Notes had the following errors:

- The total demand deposits within the Equity in Pooled Deposits and Investments Note did not agree to the ending fund balance within the financial statements due to the Mayor's Court not on the financial statements;
- The Budgetary Activity Note did not include the proper comparison tables and figures;
- The Debt Note did not report an accurate ending balance and the amortization table was not updated to reflect the remaining payments.
- The Risk Management Note did not reflect the most current information; and
- The Post-Employment Benefits Note was omitted.

The Village did not have procedures in place to record transactions properly. Failure to consistently follow a uniform chart of accounts increases the possibility the Village will not be able to identify, assemble, 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. In addition, the Village should review the financial statements and notes prior to report submission.

Also, the Fiscal Officer should review the subsequent year appropriations and estimated resources to determine if the General Fund appropriations exceed estimated resources. The excess amount should be reported as assigned fund balance within the General Fund's fund balance in accordance with the provisions of GASB 54, paragraph 16 and Implementation Guide Z.54.13.

VILLAGE OF NEW WATERFORD, Ohio
Columbiana County

SCHEDULE OF FINDINGS
December 31, 2018 – 2019

FINDING NUMBER 2019-006

Material Weakness - Cash Reconciliation

In order to ensure the completeness and accuracy of the Village's accounting records, an adequate system of internal controls requires that monthly reconciliations be performed between the fund ledgers and bank depository. To be effective, these reconciliations should include a thorough investigation and follow-up of all significant reconciling items.

The process allows you to determine if all items have been recorded and match the postings by the bank at the same amounts. If there is a discrepancy, this can be corrected fairly quickly. The accuracy of the transactions within the system allows the Mayor and Council to have an accurate and up to date information to make the best decisions for the government.

If information being recorded is incorrect, then the Board and/or Mayor cannot make good financial decisions in order to run the Village appropriately. If sound decisions cannot be made, then public dollars could be misspent. Misspending funds, even unintentionally, could result in deficit fund balances or audit adjustments, both of which could lead the entity being declared in fiscal caution and possibly fiscal watch or fiscal emergency.

The following deficiencies and reconciling items were noted in the Village's monthly cash reconciliations:

- The Fiscal Officer performs a bank reconciliation of the various bank accounts to the fund ledgers; however, the Fiscal Officer does not include the Mayor's Court account. The Mayor's Court bank account had a balance of \$6,056 and \$4,251 as of December 31, 2018 and December 31, 2019 respectively.
- The Fiscal Officer did not include the Mayor' Court account on the Financial Statements for both 2018 and 2019. These funds had revenues totaling \$47,225 and \$41,075 and expenditure \$48,635 and \$42,955 respectively.

This material weakness has been included in the past two audits or since the audit of 2014 and 2015. The Fiscal Officer has not implemented any procedures to correct this weakness.

As a result of these conditions, errors, irregularities, or misappropriation of assets may occur and not be detected within a timely period.

We recommend the Fiscal Officer perform a complete bank reconciliation which includes all the bank accounts of the Village. The Fiscal Officer should also establish a custodial fund on the UAN system to account for all the Mayor's Court activity. This activity would be included on the financial statements at year end. This would help to ensure the financial statements are complete.

The Mayor and Council should insure complete bank reconciliations which include all the Village's bank accounts are reconciled to the UAN system on a monthly basis. The Mayor and Council should closely monitor the reconciliation process by reviewing and follow-up on any deficiencies or reconciling items.

VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2018 and DECEMBER 31, 2019

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2017-001	ORC § 5705.39 Appropriations limited by Estimated Resources.	No	Not Corrected repeated as 2019-003
2017-002	Material Weakness Accurate Posting of Transactions.	No	Not Corrected repeated as 2019-005
2017-003	Material Weakness Budgetary Measure Certificate of Resources posted accurately to UAN.	Yes	Finding No Longer Valid

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF NEW WATERFORD

COLUMBIANA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 11/24/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov