



**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF NEW WATERFORD
TABLE OF CONTENTS**

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Similar Fiduciary Fund Types – For the Year Ended December 31, 2000	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Proprietary and Similar Fiduciary Fund Types – For the Year Ended December 31, 2000	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Similar Fiduciary Fund Types – For the Year Ended December 31, 1999	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Proprietary and Similar Fiduciary Fund Types – For the Year Ended December 31, 1999	6
Notes to the Financial Statements	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13
Schedule of Findings	15

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of New Waterford, Columbiana County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999. 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.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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. We believe that our audit provides a reasonable basis for our opinion.

We were unable to obtain accounting records to support the miscellaneous receipts reported in the expendable trust fund, nor were we able to satisfy ourselves as to those financial receipts by other auditing procedures. Those receipts represent 99% of revenue for the expendable trust fund type, for the years ending December 31, 2000 and 1999.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding expendable trust fund miscellaneous receipts, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2001 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the Village Council, management and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 26, 2001

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$81,147	\$16,771			\$97,918
Intergovernmental Receipts	52,774	73,948			126,722
Charges for Services	1,056	26,786		185	28,027
Fines, Licenses, and Permits	6,584	15			6,599
Miscellaneous	48,141	3,457		39,319	90,917
Total Cash Receipts	189,702	120,977		39,504	350,183
Cash Disbursements:					
Current:					
Security of Persons and Property	132,258	55,181			187,439
Leisure Time Activities	8,709			36,161	44,870
Transportation	243	57,559			57,802
General Government	21,522				21,522
Debt Service:					
Principal and Interest Payments		16,871	7,003		23,874
Total Disbursements	162,732	129,611	7,003	36,161	335,507
Total Receipts Over/(Under) Disbursements	26,970	(8,634)	(7,003)	3,343	14,676
Other Financing Receipts/(Disbursements):					
Sale of Fixed Assets	750				750
Transfers-In			7,008		7,008
Total Other Financing Receipts/(Disbursements)	750		7,008		7,758
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	27,720	(8,634)	5	3,343	22,434
Fund Cash Balances January 1	909	92,511	9	148,796	242,225
Fund Cash Balances, December 31	\$28,629	\$83,877	\$14	\$152,139	\$264,659

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

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$445,270		\$445,270
Miscellaneous	3,691		3,691
	<hr/>		<hr/>
Total Operating Cash Receipts	448,961		448,961
Operating Cash Disbursements:			
Personal Services	68,557		68,557
Contractual Services	119,181		119,181
Supplies and Materials	33,544		33,544
Capital Outlay	14,792		14,792
	<hr/>		<hr/>
Total Operating Cash Disbursements	236,074		236,074
Operating Income/(Loss)	<hr/>		<hr/>
	212,887		212,887
Non-Operating Cash Receipts:			
Court Fines and Fees		1,745	1,745
		<hr/>	<hr/>
Total Non-Operating Cash Receipts		1,745	1,745
Non-Operating Cash Disbursements:			
Debt Service	169,284		169,284
Court Fines and Fees		1,745	1,745
Other Non-Operating Cash Disbursements	8,095		8,095
	<hr/>		<hr/>
Total Non-Operating Cash Disbursements	177,379	1,745	179,124
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	35,508		35,508
Transfers-In	169,284		169,284
Transfers-Out	(176,292)		(176,292)
	<hr/>		<hr/>
Net Receipts Over/(Under) Disbursements	28,500		28,500
Fund Cash Balances, January 1	<hr/>		<hr/>
	182,580		182,580
Fund Cash Balances, December 31	<u>\$211,080</u>		<u>\$211,080</u>

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

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$83,112	\$17,509			\$100,621
Intergovernmental Receipts	47,916	74,318			122,234
Charges for Services	830	30,672		200	31,702
Fines, Licenses, and Permits	11,266	541			11,807
Miscellaneous	16,566	688		73,007	90,261
Total Cash Receipts	159,690	123,728		73,207	356,625
Cash Disbursements:					
Current:					
Security of Persons and Property	210,929	53,534			264,463
Leisure Time Activities	9,652			51,049	60,701
Transportation	994	52,745			53,739
General Government	24,800				24,800
Debt Service:					
Principal and Interest Payments			18,726		18,726
Total Disbursements	246,375	106,279	18,726	51,049	422,429
Total Receipts Over/(Under) Disbursements	(86,685)	17,449	(18,726)	22,158	(65,804)
Other Financing Receipts/(Disbursements):					
Sale of Bonds or Notes	84,421				84,421
Sale of Fixed Assets		188			188
Transfers-In			18,729		18,729
Transfers-Out		(11,721)			(11,721)
Other Sources			3		3
Total Other Financing Receipts/(Disbursements)	84,421	(11,533)	18,732		91,620
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(2,264)	5,916	6	22,158	25,816
Fund Cash Balances January 1	3,173	86,595	3	126,638	216,409
Fund Cash Balances, December 31	\$909	\$92,511	\$9	\$148,796	\$242,225

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

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$452,944		\$452,944
Miscellaneous	963		963
	<u>453,907</u>		<u>453,907</u>
Operating Cash Disbursements:			
Personal Services	91,033		91,033
Contractual Services	105,546		105,546
Supplies and Materials	24,030		24,030
Capital Outlay	8,118		8,118
	<u>228,727</u>		<u>228,727</u>
Total Operating Cash Disbursements	<u>228,727</u>		<u>228,727</u>
Operating Income/(Loss)	<u>225,180</u>		<u>225,180</u>
Non-Operating Cash Receipts:			
Court Fines and Fees		3,250	3,250
		<u>3,250</u>	<u>3,250</u>
Total Non-Operating Cash Receipts		<u>3,250</u>	<u>3,250</u>
Non-Operating Cash Disbursements:			
Court Fines and Fees		3,250	3,250
Debt Service	168,787		168,787
	<u>168,787</u>		<u>168,787</u>
Total Non-Operating Cash Disbursements	<u>168,787</u>	<u>3,250</u>	<u>172,037</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	56,393		56,393
Transfers-In	168,787		168,787
Transfers-Out	(175,795)		(175,795)
Other Uses	(9,133)		(9,133)
	<u>40,252</u>		<u>40,252</u>
Net Receipts Over/(Under) Disbursements	<u>40,252</u>		<u>40,252</u>
Fund Cash Balances, January 1	<u>142,328</u>		<u>142,328</u>
Fund Cash Balances, December 31	<u>\$182,580</u>		<u>\$182,580</u>

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

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of New Waterford, Columbiana County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(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.

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

Cops Fast Fund - This fund receives federal and state monies to provide a percentage of the cost of employing full-time police officers.

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service funds:

Fire Truck Debt Fund - This fund is used to pay the debt on the Fire Truck.

Kubota Tractor Debt Fund - This fund is used to pay the debt on the Kubota Tractor.

4. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

5. Fiduciary Funds (Trust & Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the village is an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

New Waterford Village Park Fund - This fund accounts for money donated to the village in order to maintain, repair, and buy new equipment for the New Waterford Village Park.

Mayor's Court Fund - This fund receives revenue from individuals for speeding and other offenses. The Money in this fund is held by the Village and remitted to the Treasurer of State.

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation in certain circumstances, such as upon leaving employment. Unpaid vacation leave is not reflected as a liability under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 365,739	\$ 314,805
Certificates of deposit	<u>110,000</u>	<u>110,000</u>
Total deposits	<u>\$ 475,739</u>	<u>\$ 424,805</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 175,860	\$ 190,452	\$ 14,592
Special Revenue	116,680	120,977	4,297
Debt Service	7,004	7,008	4
Enterprise	575,988	618,245	42,257
Expendable Trust	7,000	39,504	32,504
Total	<u>\$ 882,532</u>	<u>\$ 976,186</u>	<u>\$ 93,654</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 176,724	\$ 162,732	\$ 13,992
Special Revenue	208,178	129,611	78,567
Debt Service	7,004	7,003	1
Enterprise	740,907	589,745	151,162
Expendable Trust	55,796	36,161	19,635
Total	<u>\$ 1,188,609</u>	<u>\$ 925,252</u>	<u>\$ 263,357</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 240,366	\$ 244,111	\$ 3,745
Special Revenue	109,644	123,916	14,272
Debt Service	18,263	18,732	469
Enterprise	549,523	622,694	73,171
Expendable Trust	5,100	73,207	68,107
Total	<u>\$ 922,896</u>	<u>\$ 1,082,660</u>	<u>\$ 159,764</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 244,439	\$ 246,375	\$ (1,936)
Special Revenue	195,361	118,000	77,361
Debt Service	18,266	18,726	(460)
Enterprise	671,522	582,442	89,080
Expendable Trust	49,838	51,049	(1,211)
Total	<u>\$ 1,179,426</u>	<u>\$ 1,016,592</u>	<u>\$ 162,834</u>

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loans	\$ 1,051,485	8.35%
General Obligation Notes	<u>262,900</u>	7.99%
Total	<u><u>\$ 1,314,385</u></u>	

The Ohio Water Development Authority (OWDA) loans relate to water and sewer plant expansion projects that were mandated by the Ohio Environmental Protection Agency. The OWDA has approved up to \$1,374,929 in loans to the Village for these projects. The loans will be repaid in semiannual installments of \$65,539, including interest, over 25 years. The Village also has a loan with OWDA to pay for engineering plans for improvements to the wastewater treatment system for \$50,000, interest free, to be paid in ten annual installments of \$5,000.

The General Obligation Notes relate to purchases of a fire truck, tractor and water/sewer plant renovations. The terms of these notes are as follows: the fire truck's note was issued for \$84,421, to be paid bi-annual payments of \$8,436 including interest for six years. The tractor was issued for \$28,367, to be paid in monthly payments of \$583 including interest for 55 months. The water/sewer plant renovation notes were issued for \$230,000 to be paid in semiannual average principal installments of \$5,618 and semiannual interest payments and a balloon payment at the end of five years in the amount of \$173,815.

**VILLAGE OF NEW WATERFORD
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. DEBT (Continued)

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

Year ending December 31:	OWDA Loans	General Obligation Notes	Total
2000	\$ 136,078	\$ 33,749	\$ 169,827
2001	136,078	190,687	326,765
2002	136,078	16,872	152,950
2003	136,078	16,872	152,950
2004	136,078	16,872	152,950
Subsequent	<u>1,087,712</u>	<u>0</u>	<u>1,087,712</u>
Total	<u>\$ 1,768,102</u>	<u>\$ 275,052</u>	<u>\$ 2,043,154</u>

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for 1999 and 10.84% for 2000. The Village has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Wrongful Acts
- Inland Marine
- Crime

The Village also provides health insurance coverage to full-time employees through a private carrier.



STATE OF OHIO
OFFICE OF THE AUDITOR

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
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 the accompanying financial statements of the Village of New Waterford, Columbiana County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 26, 2001, which was qualified due to the lack of evidential matter related to the expendable trust fund receipts for the years ending December 31, 2000 and 1999. Except as discussed in the proceeding sentence we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated March 26, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2000-31215-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However we consider item 2000-31215-001 to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated March 26, 2001.

This report is intended for the information and use of the Village Council and management, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 26, 2001

**VILLAGE OF NEW WATERFORD
SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

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

FINDING NUMBER 2000-31215-001

On January 8, 1998, the Village received a \$25,000 trust from Robert W. Koch. In the agreement the Village would only receive the \$25,000 if it, within two years, raised an additional \$25,000 from other sources (that are not borrowed funds). The Village in turn raised the money by having dinners, cook book sales and soliciting donations.

The Village did not establish adequate procedures to account for fund raising revenues. The Village did not use summary sheets to account for pre-numbered dinner tickets sold, nor were pre-numbered receipts used to account for all cook book sales. The Village did not establish alternate procedures to monitor and account for the completeness of these activities. The weaknesses described could result in material errors occurring but not being detected by the village.

We recommend the Village implement procedures to reasonably assure the completeness, and accuracy of all benefit sales. This could include the use of pre-numbered tickets for all events where admission is charged (e.g., dinners) and the use of pre-numbered receipts for all merchandise sales. An individual other than the person collecting receipts should review the ticket sale summary sheets and receipts books to determine whether all tickets and pre-numbered receipts have been accounted for, and to determine whether all ticket sales and merchandise sales have been deposited and posted to the Village cashbook.



STATE OF OHIO
OFFICE OF THE AUDITOR

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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
JUNE 21, 2001**