

**VILLAGE OF NEW WATERFORD**

**COLUMBIANA COUNTY**

**JANUARY 1, 2008 TO DECEMBER 31, 2009**

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES**

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

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of New Waterford Village (the Village) and the Auditor of State have agreed, solely to assist the Council and Mayor in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2009 and 2008, including mayor's court receipts, disbursements and balances, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management, the Mayor, and/or the Council are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

**Cash and Investments**

1. We tested the mathematical accuracy of the December 31, 2009 and December 31, 2008 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2008 beginning fund balances recorded in the Fund Status Report to the December 31, 2007 balances in the prior year audited statements. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2009 and 2008 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2009 bank account balance with the Village's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2009 bank reconciliation without exception.
5. We selected five outstanding checks haphazardly from the December 31, 2009 bank reconciliation:
  - a. We traced each check to the debit appearing in the subsequent January bank statement. We found no exceptions.
  - b. We traced the amounts and date written to the check register, to determine the checks were dated prior to December 31. We noted no exceptions.

6. We tested investments held at December 31, 2009 and December 31, 2008 to determine that they:
  - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
  - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

#### Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2009 and one from 2008:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. We also traced the advances noted on the Statement to the Receipt Register Report. The amounts agreed.
  - b. We determined whether the receipt was allocated to the proper fund(s) as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
  - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Register Report to determine whether it included the proper number of tax receipts for 2009 and 2008:
  - a. Two personal property tax receipts
  - b. Two real estate tax receipts, plus eight advances in 2009 and six advances in 2008. We noted the Receipts Register Report included the proper number of tax settlement receipts for each year, with the exception of only one personal property tax received in 2009.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2009 and five from 2008.
  - a. We compared the amount from the DTL to the amount recorded in the Receipt Register Report. The amounts agreed.
  - b. We determined whether these receipts were allocated to the proper fund(s). We found no exceptions.
  - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

#### Income Tax Receipts

1. We obtained the Period 2 Distribution Reports and the Period 10 Distribution Reports for both 2009 and 2008, submitted by the Regional Income Tax Agency (RITA), the agency responsible for collecting income taxes on behalf of the Village. We agreed the total gross income taxes per period to the Village's Receipt Register Report. The amounts agreed.
2. We also compared the allocation of income tax receipts to the Village's funds according to the allocation requirements of Ordinance No. 2003-11-1. The allocation agreed with the percentages the Ordinance requires.

### **Water Operating Fund and Sewer Operating Fund**

1. We haphazardly selected 10 Water Operating Fund and Sewer Operating Fund collection cash receipts from the year ended December 31, 2009 and 10 collection cash receipts from the year ended 2008 recorded in the Receipt Register Report and determined whether the:
  - a. Receipt amount per the Receipt Register Report agreed to the amount recorded to the credit of the customer's account in the Customer History Report. The amounts agreed.
  - b. Amount charged for the related billing period complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period. We found no exceptions.
  - c. Amount charged was posted as a receivable in the Customer History Report for the billing period.
  - d. Receipt was posted to the proper fund(s), and was recorded in the proper year. We found no exceptions.
2. We read the Accounts Aging Report. However, due to the limitations of the Village's utilities software, we were unable to obtain this report as of December 31, 2009 and December 31, 2008. In the future, the Water/Sewer Clerk will print this report at fiscal year end. Per review of the current Accounts Aging Report we noted no outstanding receivables as of year-end.
3. A non-cash Accounts Receivable Adjustment Report is not available for the Village due to limitations with their utilities software.

### **Debt**

1. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of bonded or note debt issued during 2009 or 2008 or outstanding as of December 31, 2009 or 2008. All debt noted agreed to the summary we used in step 2.
2. We obtained a summary of FEMA/OWDA and note debt activity for 2009 and 2008 and agreed principal and interest payments from the related debt amortization schedules to debt service fund payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.
3. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the FEMA fund per the Receipt Register Report. The amounts agreed.
4. For new debt issued during 2009 and 2008, we inspected the debt legislation, noting the Village must use the proceeds to purchase a prefabricated pedestrian bridge. We scanned the Payment Register Detail Report and noted the Village purchased a prefabricated pedestrian bridge.

### **Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2009 and one payroll check for five employees from 2008 from the Employee Detail Adjustment Report and determined whether the following information in the employees' personnel files was consistent with the information used to compute gross and net pay related to this check:

- a. Name
- b. Authorized salary or pay rate
- c. Department(s) and fund(s) to which the check should be charged.
- d. Retirement system participation and payroll withholding.
- e. Federal, State & Local income tax withholding authorization and withholding.
- f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to steps a. – f. above.

2. We tested the checks we selected in step 1, as follows:
  - a. We compared the hours and pay rate, or salary amount used in computing gross pay to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
  - b. We determined whether the fund and account code(s) to which the check was posted was reasonable based on the employees' duties as documented in the employees' personnel files. We also determined whether the payment was posted to the proper year. We found no exceptions.
3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2009 to determine whether remittances were timely paid, and that the amounts paid agreed to the amounts withheld during the final withholding period during 2009. We noted the following:

Withholding	Date Due	Date Paid	Amount Withheld	Amount Paid
Federal income taxes	January 31, 2010	12/31/09	\$2876.81	\$2876.81
State income taxes	January 15, 2010	12/31/09	\$398.51	\$398.51
Columbiana School District income tax	January 15, 2010	12/31/09	\$205.14	\$205.14
Rita-East Palestine Local income tax	January 31, 2010	12/31/09	\$735.96	\$735.96
City of Columbiana income taxes	January 31, 2010	12/31/09	\$41.28	\$41.28
OPERS retirement (withholding plus employee share)	January 30, 2010	1/29/10	\$3448.76	\$3448.76

#### Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2009 and ten from the year ended 2008 and determined whether:
  - a. The disbursements were for a proper public purpose. We found no exceptions.
  - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount

recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.

- c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
- d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

#### Mayors Court Transactions and Cash Balances

1. We tested the mathematical accuracy of the December 31, 2009 and December 31, 2008 bank reconciliations. We found two exceptions, as the reconciliations had not been completed.
2. We compared the cash totals as of December 31, 2009 and December 31, 2008 to the Mayor's Court Agency Fund balance reported in the Fund Status Reports. The balances agreed.
3. We agreed the totals per the bank balances to the total of December 31, 2009 and 2008 listing of unpaid distributions as of each December 31. The amounts agreed.
4. We observed the year-end bank balance on the financial institution's website. The balances agreed.
5. There were no deposits in transit noted.
6. We haphazardly selected five cases from the court cash book and agreed the payee and amount posted to the:
  - a. Duplicate receipt book.
  - b. Docket, including comparing the total fine paid to the judgment issued by the judge (i.e. mayor)
  - c. Case file.

The amounts recorded in the cash book, receipts book, docket and case file agreed.

7. From the cash book, we haphazardly selected one month from the year ended December 31, 2009 and one month from the year ended 2008 and determined whether:
  - a. The monthly sum of fines and costs collected for those months agreed to the amounts reported as remitted to the Village, State or other applicable government in the following month. We found no exceptions.
  - b. The totals remitted for these two months per the cash book agreed to the returned canceled checks. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the cash book.

#### Compliance – Budgetary

1. We compared the total from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Street Construction, Maintenance, and Repair, and State Highway funds for the years ended December 31, 2009 and 2008. The amounts agreed.

2. **We scanned the appropriation measures adopted for 2009 and 2008 to determine whether, for the General, Street Construction, Maintenance, and Repair, and Fire Levy funds, the Council appropriated separately for "each office, department, and division, and within each, the amount appropriated for personal services," as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.**
3. **We compared total appropriations required by Ohio Rev. Code Section 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2009 and 2008 for the following funds: General, Street Construction, Maintenance, and Repair, and State Highway. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report.**
4. **Ohio Rev. Code Section 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Fire Levy, and State Highway funds for the years ended December 31, 2009 and 2008. We noted no funds for which appropriations exceeded certified resources.**
5. **Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2009 and 2008 for the General, Street Construction, Maintenance, and Repair, and State Highway fund, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.**
6. **Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2009 and 2008. We also inquired of management regarding whether the Village received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund.**
7. **We scanned the 2009 and 2008 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$10,000 which Ohio Rev. Code Sections 5705.14 -- .16 restrict. We found no evidence of transfers these sections prohibit, or for which section 5705.16 would require approval from the Tax Commissioner and Court of Common Pleas.**
8. **We inquired of management and scanned the Appropriation Status Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Village did not establish these reserves.**

#### **Compliance – Contracts & Expenditures**

1. **We inquired of management and scanned the Payment Register Detail report for the years ended December 31, 2009 and 2008 for material or labor procurements which exceeded \$25,000, and therefore required competitive bidding under Ohio Rev. Code Section 731.14.**  
**We identified no purchases subject to the aforementioned bidding requirements.**
2. **We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2009 and 2008 to determine if the Village had road construction projects exceeding \$30,000 for which Ohio Rev. Code Sections 117.16(A) and 723.52 requires the Village engineer, or officer having a different title but the duties and functions**

of an engineer, to complete a force account project assessment form (i.e., cost estimate).  
We identified no projects requiring the completion of the force account assessment form.

**Management's Responses:**

Regarding the failure to complete bank reconciliations as of December 31, 2009 and December 31, 2008 for the Mayor's Court bank account, management explained that the new mayor is still learning the position. This will be corrected going forward.

Regarding the single personal property tax receipt, management feels the County missed a distribution and is in the process of obtaining payment.

Regarding the utility reports, management will print the proper reports at year-end and provide these reports as needed.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management and those charged with governance and the Auditor of State and is not intended to be, and should not be used by anyone other than these specified parties.



**Charles E. Harris & Associates, Inc.**  
June 29, 2010





**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF NEW WATERFORD**

**COLUMBIANA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 7, 2010**