

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**



Mary Taylor, CPA

Auditor of State

Village Council
Village of New Washington
119 E. Mansfield Street
New Washington, Ohio 44854

We have reviewed the *Independent Auditors' Report* of the Village of New Washington, Crawford County, prepared by Holbrook & Manter, for the audit period January 1, 2008 through December 31, 2009. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Washington is responsible for compliance with these laws and regulations.

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Mary Taylor, CPA
Auditor of State

September 13, 2010

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INDEPENDENT AUDITORS' REPORT

Village Council
Village of New Washington
Crawford County

We have audited the accompanying financial statements of the Village of New Washington, Crawford County, Ohio, (the Village) as of and for the years ended December 31, 2009 and 2008. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 audits to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State of Ohio prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present for 2009 and 2008, GAAP requires presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require, governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State of Ohio permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of New Washington, Crawford County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The Government has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2010 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The image shows a handwritten signature in black ink that reads "Shulbrook & Manton". The script is cursive and elegant, with the ampersand being particularly stylized.

Certified Public Accountants

June 21, 2010

VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 2009

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
CASH RECEIPTS:-			
Property and other local taxes	\$ 41,365	\$ 47,240	\$ 88,605
Municipal income taxes	331,141	0	331,141
Intergovernmental	57,760	113,367	171,127
Special assessments	0	5,055	5,055
Charges for services	0	17,940	17,940
Fines, licenses and permits	9,318	0	9,318
Earnings on investments	3,721	1,546	5,267
Miscellaneous	825	410	1,235
	444,130	185,558	629,688
CASH DISBURSEMENTS:-			
Current:-			
Security of persons and property	185,798	19,443	205,241
Public health service	7,529	0	7,529
Leisure time activities	22,222	0	22,222
Community environment	764	0	764
Transportation	0	247,264	247,264
General government	143,909	0	143,909
	360,222	266,707	626,929
Total cash disbursements			
Total receipts over (under) cash disbursements	83,908	(81,149)	2,759
OTHER FINANCING RECEIPTS (DISBURSEMENTS):-			
Special item	0	39,696	39,696
Transfers - in	0	135,000	135,000
Transfers - out	(153,417)	0	(153,417)
	(153,417)	174,696	21,279
Total other financing receipts (disbursements)			
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	(69,509)	93,547	24,038
Fund cash balances, January 1, 2009	212,293	181,953	394,246
Fund cash balances, December 31, 2009	\$ 142,784	\$ 275,500	\$ 418,284
Reserve for encumbrances, December 31, 2009	\$ 0	\$ 0	\$ 0

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

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY**
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - PROPRIETARY AND FIDUCIARY FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Private Purpose</u>	
OPERATING CASH RECEIPTS:-			
Charges for services	\$ 502,022	\$ 0	\$ 502,022
Earnings on investments	0	0	0
Total operating cash receipts	502,022	0	502,022
OPERATING CASH DISBURSEMENTS:-			
Current:-			
Personal services	99,446	0	99,446
Employee fringe benefits	24,929	0	24,929
Contractual services	61,776	0	61,776
Supplies and materials	68,438	0	68,438
Total operating cash disbursements	254,589	0	254,589
Net operating receipts (disbursements)	247,433	0	247,433
NON-OPERATING CASH RECEIPTS (DISBURSEMENTS):-			
Earnings on investments	939	223	1,162
Capital Outlay	(12,945)	0	(12,945)
Redemption of principal	(63,749)	0	(63,749)
Interest and other fiscal charges	(130,856)	0	(130,856)
Total non-operating cash receipts (disbursements)	(206,611)	223	(206,388)
Excess of receipts over (under) disbursements before interfund transfers	40,822	223	41,045
Transfers- in	18,417	0	18,417
Advances- in	0	0	0
Advances- out	0	0	0
Net receipts over (under) disbursements	59,239	223	59,462
Fund cash balances, January 1, 2009	279,828	12,150	291,978
Fund cash balances, December 31, 2009	<u>\$ 339,067</u>	<u>\$ 12,373</u>	<u>\$ 351,440</u>
Reserve for encumbrances, December 31, 2009	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
 FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
 FOR THE YEAR ENDED DECEMBER 31, 2008

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
CASH RECEIPTS:-			
Property and other local taxes	\$ 40,173	\$ 50,140	\$ 90,313
Municipal income taxes	331,195	0	331,195
Intergovernmental	66,409	63,148	129,557
Special assessments	0	5,148	5,148
Charges for services	1,000	16,584	17,584
Fines, licenses and permits	10,183	0	10,183
Earnings on investments	9,731	315	10,046
Miscellaneous	17,363	0	17,363
Total cash receipts	476,054	135,335	611,389
CASH DISBURSEMENTS:-			
Current:-			
Security of persons and property	181,502	43,388	224,890
Public health service	7,614	0	7,614
Leisure time activities	54,566	0	54,566
Community environment	15,764	0	15,764
Transportation	0	101,162	101,162
General government	201,395	0	201,395
Total cash disbursements	460,841	144,550	605,391
Total receipts over (under) cash disbursements	15,213	(9,215)	5,998
OTHER FINANCING RECEIPTS (DISBURSEMENTS):-			
Transfers - in	0	20,000	20,000
Transfers - out	(66,000)	0	(66,000)
Advance - in	18,000	0	18,000
Advance - out	(18,000)	0	(18,000)
Other financing sources	0	0	0
Total other financing receipts (disbursements)	(66,000)	20,000	(46,000)
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	(50,787)	10,785	(40,002)
Fund cash balances, January 1, 2008	263,080	171,168	434,248
Fund cash balances, December 31, 2008	\$ 212,293	\$ 181,953	\$ 394,246
Reserve for encumbrances, December 31, 2008	\$ 0	\$ 0	\$ 0

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

VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
 FUND CASH BALANCES - PROPRIETARY AND FIDUCIARY FUND TYPES -
 FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Private Purpose</u>	
OPERATING CASH RECEIPTS:-			
Charges for services	\$ 515,228	\$ 0	\$ 515,228
Earnings on investments	0	0	0
Total operating cash receipts	515,228	0	515,228
OPERATING CASH DISBURSEMENTS:-			
Current:			
Personal services	95,008	0	95,008
Employee fringe benefits	22,407	0	22,407
Contractual services	120,460	0	120,460
Supplies and materials	196,286	0	196,286
Total operating cash disbursements	434,161	0	434,161
Net operating receipts (disbursements)	81,067	0	81,067
NON-OPERATING CASH RECEIPTS (DISBURSEMENTS):-			
Intergovernmental	47,200	0	47,200
Earnings on investments	261	488	749
Capital outlay	(21,680)	0	(21,680)
Redemption of principal	(61,781)	0	(61,781)
Interest and other fiscal charges	(132,915)	0	(132,915)
Total non-operating cash receipts (disbursements)	(168,915)	488	(168,427)
Excess of receipts over (under) disbursements before interfund transfers	(87,848)	488	(87,360)
Transfers- in	46,000	0	46,000
Advances - in	18,000	0	18,000
Advances - out	(18,000)	0	(18,000)
Net receipts over (under) disbursements	(41,848)	488	(41,360)
Fund cash balances, January 1, 2008	321,676	11,662	333,338
Fund cash balances, December 31, 2008	<u>\$ 279,828</u>	<u>\$ 12,150</u>	<u>\$ 291,978</u>
Reserve for encumbrances, December 31, 2008	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

Description of the Entity - The Village of New Washington, Crawford County, Ohio, (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 Mayor, Clerk, and six-member Council. The Village provides the following services: security of persons and property, public health services, leisure time activities, community environment, basic utility services, road repair and maintenance, and general governmental services.

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

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.

Cash and Investments - The Village maintains its cash deposits in an interest-bearing checking account. The Village's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. The Village reports gains or losses at the time of sale as receipts or disbursements, respectively. The Village values certificates of deposit at cost.

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:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Funds

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:

Fire Fund

This fund receives property tax revenue money used to provide fire fighting assistance to the Village citizens.

Street Construction, Maintenance and Repair Fund

This fund receives gasoline tax, motor vehicle tax money and municipal income taxes for constructing, maintaining and repairing Village streets.

Ambulance Fund

This fund receives levy money used to provide ambulance services to the Village citizens.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 ND 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

Enterprise Funds

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

Water Fund

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

Sewer Fund

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

Fiduciary Fund

This trust fund is used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a private purpose trust fund. Township had the following significant fiduciary funds:

Cummins Trust – (Private Purpose Trust)

This fund received a donation from an estate to be held for ten years, expiring 2010, from date of transfer, with principal to be used after the tenth year on promoting any cause, event, or the purchase of any musical equipment or supplies which is for the betterment of classical, choral, or band music within the Village.

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 fund, function, or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and subsequent amendments. Unencumbered appropriations lapse at year-end.

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 and amendments.

Encumbrances

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

A summary of 2009 and 2008 budgetary activity appears in Note 3.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

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

Accumulated Leave - In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

NOTE 2 - EQUITY IN POOLED CASH AND INVESTMENTS:-

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

	<u>2009</u>	<u>2008</u>
Demand deposits	\$ 472,791	\$ 451,147
Certificates of deposit	296,933	235,077
Total deposits	<u>\$ 769,724</u>	<u>\$ 686,224</u>

Demand Deposits - The Village's deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 3 - BUDGETARY ACTIVITY :-

Budgetary activity for the year ending December 31, 2009 was as follows:

2009 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 494,421	\$ 444,130	\$ (50,291)
Special Revenue	334,695	360,254	25,559
Proprietary	550,046	521,378	(28,668)
Fiduciary	<u>200</u>	<u>223</u>	<u>23</u>
Total	<u>\$ 1,379,362</u>	<u>\$ 1,325,985</u>	<u>\$ (53,377)</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 707,892	\$ 513,639	\$ 194,253
Special Revenue	515,474	266,707	248,767
Proprietary	690,025	462,139	227,886
Fiduciary	<u>12,353</u>	<u>0</u>	<u>12,353</u>
Total	<u>\$ 1,925,744</u>	<u>\$ 1,242,485</u>	<u>\$ 683,259</u>

Contrary to Ohio law, actual receipts were less than estimated resources during 2009 in the General Fund and the Proprietary Funds by \$50,291 and \$28,668, respectively.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 3 - BUDGETARY ACTIVITY :- (continued)

Budgetary activity for the year ending December 31, 2008 was as follows:

2008 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 403,292	\$ 494,054	\$ 90,762
Special Revenue	145,069	155,335	10,266
Proprietary	652,295	626,689	(25,606)
Fiduciary	<u>200</u>	<u>488</u>	<u>288</u>
Total	\$ <u>1,200,856</u>	\$ <u>1,276,566</u>	\$ <u>75,710</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 721,949	\$ 544,841	\$ 177,108
Special Revenue	306,633	144,550	162,083
Proprietary	849,490	668,537	180,953
Fiduciary	<u>11,865</u>	<u>0</u>	<u>11,865</u>
Total	\$ <u>1,889,937</u>	\$ <u>1,357,928</u>	\$ <u>532,009</u>

Contrary to Ohio law, actual receipts were less than estimated resources during 2009 in the Proprietary funds by \$25,606.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 4 - PROPERTY TAX:-

Real property taxes become a lien on January 1, preceding the October 1 date for which rates are adopted by the Village Council. The State Council 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 payments, 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.

NOTE 5 - LOCAL INCOME TAX:-

The Village levies a municipal income tax of 1.5 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 - DEBT:-

Debt outstanding at December 31, 2009 was as follows:

	<u>Rate</u>	<u>Principal Balance 12/31/2009</u>
BONDS:-		
Bond - USDA - Series A	4.88%	\$ 2,294,300
Bond - USDA - Series B	4.75%	<u>187,800</u>
Total bonds		<u>2,482,100</u>
NOTES:-		
Note - OWDA - Elevated Water Tank Replacement	2.00%	403,354
Note - OPWC - Northeast Waterline Replacement	0.00%	12,536
Note - OPWC - Elevated Tank Replacement	0.00%	<u>72,072</u>
Total notes		<u>487,962</u>
Total debt obligations		<u>\$ 2,970,062</u>

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 6 - DEBT:- (continued)

During 2000, the Village entered into two loan agreements with the United States Department of Agriculture, Rural Development, also known as USDA. These loan funds were used to pay off the interim financing for the completed sewer system project. These loans are Sanitary Sewer System Mortgage Revenue Bonds. The loan amounts were for \$2,487,000, with a fixed interest rate of 4.88%, and \$204,000, with a fixed interest rate of 4.75%. These loans require payments over 40 years through 2040. As of December 31, 2009, the Village had outstanding balances on the loans of \$2,294,300 and \$187,800, respectively. Total interest expense incurred was \$122,432 for 2009 and \$124,023 for 2008.

During 2003, the Village entered into a loan agreement with the Ohio Water Development Authority, also known as OWDA. This loan was for the Village's elevated water tank. The total amount financed as of December 31, 2009 was \$531,161, with a fixed rate of 2.00%. The loan requires payments over 30 years through 2024. As of December 31, 2009, the Village had an outstanding balance of \$403,354. Total interest expense incurred was \$8,424 for 2009 and \$8,892 for 2008.

During 2001, the Village entered into a loan agreement with the Ohio Public Works Commission, also known as OPWC, for assistance in replacing the Village's Northeast Waterline. The total loan amount was for \$22,796 with an interest rate of 0.00%, and payments are required over 20 years through January 1, 2021. As of December 31, 2009, the Village had an outstanding balance on the loan of \$12,536.

During 2006, the Village entered into a loan agreement with the OPWC for assistance in replacing the Village's Elevated Water Tank. The total loan amount was for \$92,997 with an interest rate of 0.00%, and payments are required over 20 years through July 1, 2025. As of December 31, 2009, the Village had an outstanding balance on the loan of \$72,072.

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

<u>Year ending December 31,</u>	Bond - USDA - Series A		Bond - USDA - Series B		Note - OWDA	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 33,200	\$ 111,847	\$ 2,800	\$ 8,921	\$ 24,237	\$ 7,946
2011	34,700	110,229	2,900	8,788	24,724	7,459
2012	36,500	108,537	3,000	8,650	25,221	6,962
2013	38,200	106,578	3,200	8,507	25,728	6,455
2014	40,200	104,895	3,400	8,355	26,245	5,938
2015-2019	231,800	493,160	19,200	39,230	139,354	21,563
2020-2024	294,100	430,862	24,300	34,210	137,845	6,983
2025-2029	373,200	351,829	30,600	27,868	0	0
2030-2034	473,500	251,550	38,600	19,884	0	0
2035-2039	600,600	124,337	48,600	9,799	0	0
2040-2044	138,300	6,743	11,200	533	0	0
	<u>\$ 2,294,300</u>	<u>\$ 2,200,567</u>	<u>\$ 187,800</u>	<u>\$ 174,745</u>	<u>\$ 403,354</u>	<u>\$ 63,306</u>

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 6 - DEBT:- (continued)

Year ending December 31,	Note - OPWC - Northeast Waterline		Note - OPWC - Elevated Tank Repl.		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 1,140	\$ 0	\$ 4,650	\$ 0	\$ 66,027	\$ 128,714
2011	1,140	0	4,650	0	68,114	126,476
2012	1,140	0	4,650	0	70,511	124,149
2013	1,140	0	4,650	0	72,918	121,720
2014	1,140	0	4,650	0	75,635	119,188
2015-2019	5,699	0	23,249	0	419,302	553,953
2020-2024	1,137	0	23,249	0	480,631	472,055
2025-2029	0	0	2,324	0	406,124	379,697
2030-2034	0	0	0	0	512,100	271,434
2035-2039	0	0	0	0	649,200	134,136
2040-2044	0	0	0	0	149,500	7,276
	<u>\$ 12,536</u>	<u>\$ 0</u>	<u>\$ 72,072</u>	<u>\$ 0</u>	<u>\$ 2,970,062</u>	<u>\$ 2,438,798</u>

NOTE 7 - RETIREMENT SYSTEMS:-

The Village's certified Fire Fighters and Policeman belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F 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 2009 and 2008, members of OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 24% of their wages to OP&F. PERS members contributed 10% of their gross salaries. The Village contributed an amount equal to 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

NOTE 8 - RISK MANAGEMENT:-

The Village has obtained commercial insurance for the following risks:

- Buildings and contents
- Vehicles
- Inland marine
- Public officials liability

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

NOTE 9 - SUBSEQUENT EVENT:-

During the year the Environmental Protection Agency determined that the Village has an inadequate water supply. In turn, the EPA has been working in conjunction with the Village and developed a test well for the EPA and reviewed it to see if there was an appropriate source of water supply for the Village. It was determined that the raw water supply within the test well was not an appropriate source of water supply and the EPA did not approve the project. Subsequent to year end, Northern Ohio Rural Water (NORW) has purchased the Village's distribution system. Both parties will continue to interact with each other for the benefit of their mutual customers and constituents so that the business affairs of the Village and of Northern Ohio Rural Water is consistent and cooperative. The Village will also cooperate in the transition of water services to customers from the Village to NORW.



Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Village Council
Village of New Washington
Crawford County

We have audited the financial statements of the Village of New Washington, Crawford County, (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 21, 2010, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of New Washington's internal control over financial reporting.

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 correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings that we consider to be significant deficiencies in internal control over financial reporting as items 2009-001 and 2009-002. 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.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated June 21, 2010.


Compliance and Other Matters

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, contracts, and grant agreements, 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2009-003.

We did note certain noncompliance or other matters that we reported to the Government's management in a separate letter dated June 21, 2010.

The Village of New Washington's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Village's response and, accordingly, we express no opinion on it.

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



Certified Public Accountants

June 21, 2010

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

Finding Number	2009-001
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Significant Deficiency - Contractual Agreements

During the course of our audit, we noted that the Village has several contractual agreements with various entities. The Village could not locate a signed contractual agreement or resolution outlining the specifics of their relationship with Buckeye Recreation; however, the Village did have an unsigned resolution that is a valid, "enforceable" contract. The "enforceable" contract was not being implemented and the Village has no procedures in place to properly account for the pool receipts. Furthermore, there were no records supporting concessions sold, which the Village should maintain within their annual records.

In addition, the Village needs to more closely monitor that the contractual agreements for ambulance service and fire service are properly followed.

We recommend the Village should consider entering into a binding agreement with the management company. In order to prevent similar situations from recurring in the future, we recommend that the Village's legal counsel draft the agreement, and make sure that all necessary requirements are included and all unnecessary requirements are omitted. In addition, we recommend that the Village continuously monitor that the proper contractual agreements exist for various relationships and that the existing contractual agreements are properly followed.

Officials' Response

In March 2010 the Village signed a new contract and a lease with the management company. The lease agreement releases the Village's financial responsibility over the pool and as long as the lease is in place the receipts and expenses of the pool will not have to be grossed up on the Village's financial records.

Finding Number	2009-002
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Significant Deficiency - Internal Control and Review Procedures

Although the Council Members receive and review a select number of reports from the Fiscal Officer of the Village for approval on a monthly basis, the Village has not established formal procedures to reasonably assure completeness, and accuracy of the monthly reporting. During our testing and analysis, we noted that the Village Council is not reviewing the numerical check sequence prior to signing the checks. In addition, they are not reviewing the bank statement for proper inclusion of authorized expenditures within the cancelled checks or electronic fund withdraws.

The Village should carefully review this information and make appropriate inquiries to help determine the integrity of the financial information. When performing such review, the officials' signatures or initials and the date should be affixed to the documents examined and it should be noted in the monthly minutes that the officials' thoroughly reviewed and approved those documents. In addition, we also recommend that the numerical check sequence be noted in the minutes and signed off of by the Council each month.

Officials' Response

The Village's Fiscal Officer will consider providing additional reports including a list of checks monthly to the Council for their review and signatures.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2009-003
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Non Compliance – Amending Estimated Resources

Ohio Revised Code, Section 5705.36, allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the Clerk that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation. The total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources or the amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriation.

During our compliance testing, we noted that the Village did increase estimated resources throughout the year when the Village anticipated the revenue would be greater than the amount in the official certificate however the Village did not decrease estimated resources throughout the year in areas where the amount collected was less than anticipated on the original certificate. We recommend that the Clerk monitor estimated resources throughout the year and obtain amendments from the county budget commission as necessary (See Note 3 of the financial statements).

Officials' Response

Village Council will continue to monitor the budget versus actual receipts and will amend the certificate of estimated resources as necessary.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2007-001	Significant Deficiency - Contractual Agreements	No	Not corrected and reissued as finding 2009-001.
2007-002	Significant Deficiency - Ohio Revised Code, Section 5705.14, 5705.15, and 5705.16 Transfer of Funds.	Yes	Fully Corrected.
2007-003	Ohio Revised Code, Section 5705.41 (B) Expenditures exceed appropriations.	Yes	Fully Corrected.
2007-004	Significant Deficiency - Internal Control and Review Procedures.	No	Not corrected and reissued as finding 2009-002.



Mary Taylor, CPA
Auditor of State

VILLAGE OF NEW WASHINGTON

CRAWFORD 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 23, 2010**