

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY, OHIO**

*Financial Statements
(Audited)*

For The Year Ended
December 31, 2003

GERTRUDE DURNWALD, CLERK/TREASURER



**Auditor of State
Betty Montgomery**

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

We have reviewed the Independent Auditor's Report of the Village of New Washington, Crawford County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 2003 to December 31, 2003. 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 Washington is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

May 18, 2004

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**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY, OHIO**

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TRIMBLE, JULIAN & GRUBE, INC.

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the Village of New Washington (the “Village”), Crawford County, Ohio as of and for the year ended December 31, 2003. These financial statements are the responsibility of the Village’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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.

As discussed in Note 2, the Village prepares its financial statements on the basis of accounting prescribed or permitted by Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances and fund balances of the Village, as of December 31, 2003, and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements for the year then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2004, 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 grants. 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 ’s management and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.
March 31, 2004

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2003

<u>Cash and Cash Equivalents</u>	<u>2003</u>
Cash and Cash Equivalents	<u>\$ 592,327</u>
Total Cash and Cash Equivalents	<u><u>\$ 592,327</u></u>
 <u>Fund Balances</u>	
<u>Governmental Fund Types:</u>	
General Fund	\$ 190,869
Special Revenue Funds	84,245
Debt Service Fund	<u>42,886</u>
Total Governmental Fund Types	<u>318,000</u>
 <u>Proprietary Fund Type:</u>	
Enterprise Funds	<u>264,033</u>
 <u>Fiduciary Fund Type:</u>	
Nonexpendable Trust Fund	<u>10,294</u>
Total Fund Balances	<u><u>\$ 592,327</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL
FUND TYPES AND SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash receipts:				
Property and other local taxes	\$ 290,835	\$ 29,679	\$ -	\$ 320,514
Intergovernmental	99,236	41,673	-	140,909
Charges for services	9,885	10,263	-	20,148
Fines, licenses, and permits	4,593	2,080	-	6,673
Interest	3,422	249	-	3,671
Miscellaneous	5,319	-	-	5,319
Total cash receipts	<u>413,290</u>	<u>83,944</u>	<u>-</u>	<u>497,234</u>
Cash disbursements:				
Current:				
Security of persons and property	153,415	13,166	-	166,581
Public health services	2,629	12,423	-	15,052
Leisure time activities	12,701	-	-	12,701
Community environment	650	-	-	650
Transportation	7,294	66,497	-	73,791
General government	131,745	-	-	131,745
Capital outlay	13,679	470	-	14,149
Debt service:				
Principal retirement	40,000	16,980	20,000	76,980
Interest charges	213	3,016	4,200	7,429
Total cash disbursements	<u>362,326</u>	<u>112,552</u>	<u>24,200</u>	<u>499,078</u>
Total cash receipts over/(under) cash disbursements	<u>50,964</u>	<u>(28,608)</u>	<u>(24,200)</u>	<u>(1,844)</u>
Other financing receipts/(disbursements):				
Proceeds from sale of notes	35,213	-	-	35,213
Operating transfers in	-	30,000	-	30,000
Operating transfers out	(30,000)	-	-	(30,000)
Total other financing receipts/(disbursements)	<u>5,213</u>	<u>30,000</u>	<u>-</u>	<u>35,213</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	56,177	1,392	(24,200)	33,369
Cash fund balances, January 1, 2003	<u>134,692</u>	<u>82,853</u>	<u>67,086</u>	<u>284,631</u>
Cash fund balances, December 31, 2003	<u>\$ 190,869</u>	<u>\$ 84,245</u>	<u>\$ 42,886</u>	<u>\$ 318,000</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH FUND BALANCES - PROPRIETARY
FUND TYPE AND SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Operating cash receipts:			
Charges for services	\$ 362,725	\$ -	\$ 362,725
Other miscellaneous	8	-	8
Interest	-	27	27
Total operating cash receipts	<u>362,733</u>	<u>27</u>	<u>362,760</u>
Operating cash disbursements:			
Personal services	92,038	-	92,038
Contractual services	88,961	-	88,961
Supplies and materials	30,992	-	30,992
Capital outlay	844	-	844
Total operating cash disbursements	<u>212,835</u>	<u>-</u>	<u>212,835</u>
Operating income (loss)	<u>149,898</u>	<u>27</u>	<u>149,925</u>
Nonoperating cash receipts/(disbursements):			
Interest	3,050	-	3,050
Debt Service:			
Principal	(26,940)	-	(26,940)
Interest	(130,931)	-	(130,931)
Total nonoperating cash receipts/(disbursements)	<u>(154,821)</u>	<u>-</u>	<u>(154,821)</u>
Net income (loss)	(4,923)	27	(4,896)
Cash fund balances, January 1, 2003	<u>268,956</u>	<u>10,267</u>	<u>279,223</u>
Cash fund balances, December 31, 2003	<u>\$ 264,033</u>	<u>\$ 10,294</u>	<u>\$ 274,327</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 ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2003

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2003 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2003 Appropriations	Total	Actual 2003 Disbursements	Encumbrances Outstanding at 12/31/03	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 129,692	\$ 332,000	\$ 461,692	\$ 448,503	\$ 116,503	\$ -	\$ 338,650	\$ 338,650	\$ 392,326	\$ -	\$ 392,326	\$ (53,676)
Special Revenue	82,012	85,000	167,012	113,944	28,944	-	83,996	83,996	112,552	-	112,552	(28,556)
Debt Service	67,088	-	67,088	-	-	-	26,200	26,200	24,200	-	24,200	2,000
Proprietary:												
Enterprise	264,408	358,000	622,408	365,783	7,783	-	363,937	363,937	370,706	-	370,706	(6,769)
Fiduciary:												
Nonexpendable Trust	15,267	50	15,317	27	(23)	-	-	-	-	-	-	-
Total (Memorandum Only)	<u>\$ 558,467</u>	<u>\$ 775,050</u>	<u>\$ 1,333,517</u>	<u>\$ 928,257</u>	<u>\$ 153,207</u>	<u>\$ -</u>	<u>\$ 812,783</u>	<u>\$ 812,783</u>	<u>\$ 899,784</u>	<u>\$ -</u>	<u>\$ 899,784</u>	<u>\$ (87,001)</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 1 - DESCRIPTION OF THE ENTITY

The Village of New Washington (the “Village”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Village operates under a council-mayor form of government and 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.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village officials have direct operating control.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Village’s accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the Village are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Village.

General Fund

The general fund is used to account for all activities of the Village not required to be included 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 are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and notes indebtedness. The Village had the following significant debt service fund:

OWDA Bond Fund - This fund receives tax levy proceeds to pay off bonds issued in 1979 for water and sewer improvements.

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.

Fiduciary 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. The Village had the following significant fiduciary fund:

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Cummins Trust - (Nonexpendable Trust) - This fund received a donation from an estate to be held for ten years 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.

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. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting.

The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds (except Agency funds) are legally required to be budgeted and appropriated. The primary level of budgetary control is at the item level within each fund. Any budgetary modifications at this level may only be made by resolution of the Village's Council.

Tax Budget:

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year unless waived by the County Budget Commission. Crawford County Board of Commissioners waived the filing of the 2003 tax budget.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Village determines that receipts collected will be greater than or less than the prior estimates, and the Budget Commission find the revised estimates to be reasonable. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The Village did not adopt any supplemental appropriations during the year ended December 31, 2003.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Village did not have outstanding encumbrances at December 31, 2003.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Village considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Village totaled \$6,748 for the year ended December 31, 2003.

E. PROPERTY, PLANT AND EQUIPMENT

Fixed assets are not capitalized in any of the Village's funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded.

F. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Village's cash basis method of accounting.

G. INTERFUND TRANSACTIONS

During the course of normal operations, the Village had transactions between funds. The most significant include transfers.

Transfers are intended to permanently reallocate money from one fund to another as authorized in the Ohio Revised Code Section 5705.14 to 5705.16.

H. UNPAID VACATION AND SICK LEAVE

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

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

I. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

NOTE 3 - COMPLIANCE

- A. In noncompliance with Ohio Revised Code Section 5705.39, the following fund had appropriations in excess of estimated resources for the year ended December 31, 2003:

<u>Fund Type/Fund</u>	<u>Excess</u>
<u>ENTERPRISE FUND TYPE:</u>	
Sewer Construction	\$ 4,506

- B. In noncompliance with Ohio Revised Code Section 5705.41 (B), the following funds had expenditures in excess of appropriations for the year ended December 31, 2003:

<u>Fund Type/Fund</u>	<u>Excess</u>
General	\$ 53,676
<u>SPECIAL REVENUE FUNDS:</u>	
Street Construction, Maintenance and Repair	33,833
State Highway	164
Ambulance	10,359
<u>ENTERPRISE FUNDS:</u>	
Sewer	8,628
Sewer Construction	50

Disclosure is presented at the fund level, rather than at the department and item level within the fund due to the practicality of determining these values.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 4 - INTERFUND TRANSACTIONS

The following is a summarized breakdown of the Village's operating transfers for 2003:

	<u>Transfers In</u>	<u>Transfers Out</u>
GENERAL FUND	\$ -	\$ 30,000
<u>SPECIAL REVENUE FUND:</u>		
Street Construction, Maintenance and Repair	<u>30,000</u>	<u>-</u>
Totals	<u>\$ 30,000</u>	<u>\$ 30,000</u>

The transfers in the year ended December 31, 2003 were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 5 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	<u>2003</u>
Deposits: Demand deposits	\$ 191,739
Deposits: Certificate of deposits	<u>400,588</u>
Total Cash and Cash Equivalents	<u>\$ 592,327</u>

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

NOTE 6 - LOCAL INCOME TAX

This locally levied tax of 1.00% for (January 1 through June 30th and 1.5% for July through December 31) applies to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village and to earnings of nonresidents (except certain transients) earned in the Village. It also applies to the net income of business organizations located within the Village. Tax receipts are credited to the Village and amounted to \$246,464 for the year ended December 31, 2003.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

NOTE 7 - PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Village. 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 annually. However, if the property owner elects, they may make semiannual payments.

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 8 - RETIREMENT SYSTEMS

The Village's full-time law enforcement officers belong to the Police & Firemen's Disability & Pension Funds (PFDPF). Other employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. PFDPF and OPERS are cost sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement 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 2002 and 2001, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. OPERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. As of December 31, 2003, the Village's unpaid portion for OPERS was \$8,332 and for PFDPF was \$3,354.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 9 - DEBT OBLIGATIONS

At December 31, 2003, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at 12/31/03</u>
2003 OWDA note for construction of Village water tower.	\$ 35,213
2000 United States Department of Agriculture (USDA) Rural Development - Sanitary Sewer System Mortgage Revenue Bonds - Series A - due in annual installments of varying amounts through 2040, bearing interest at 4.88%.	2,463,200
2000 (USDA) Rural Development - Sanitary Sewer System Mortgage Revenue Bonds - Series B - due in annual installments of varying amounts through 2040, bearing interest at 4.75%.	202,000
1999 OWDA note for Northeast Waterline Replacement - not fully disbursed at December 31, 2000 - due in semi-annual installments of \$570 through 2021, bearing no interest.	19,376
1996 bond for the purchase of a fire truck, due in annual installments of \$19,996, through 2005 bearing interest at 5.60%.	36,867
1979 OWDA bond for water and sewer improvements, due in annual installments of varying amounts through 2005, bearing interest at 7.00%.	<u>40,000</u>
Total debt obligations	<u>\$ 2,796,656</u>

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003

NOTE 9 - DEBT OBLIGATIONS - (Continued)

Transactions for the year ended December 31, 2003, are summarized as follows:

<u>Description</u>	<u>Balance at 12/31/02</u>	<u>Proceeds</u>	<u>Retirements</u>	<u>Balance at 12/31/03</u>
<i>Bonds:</i>				
Bond - USDA - Series A	\$ 2,487,000	\$ -	\$ (23,800)	\$ 2,463,200
Bond - USDA - Series B	204,000	-	(2,000)	202,000
Bond - Bank - Fire Truck	53,847	-	(16,980)	36,867
Bond - OWDA	<u>60,000</u>	<u>-</u>	<u>(20,000)</u>	<u>40,000</u>
Total Bonds	<u>2,804,847</u>	<u>-</u>	<u>(62,780)</u>	<u>2,742,067</u>
<i>Notes:</i>				
Note - OWDA	-	35,213	-	35,213
Note - OWDA	40,000	-	(40,000)	-
Note - OPWC	<u>20,516</u>	<u>-</u>	<u>(1,140)</u>	<u>19,376</u>
Total Notes	<u>60,516</u>	<u>35,213</u>	<u>(41,140)</u>	<u>54,589</u>
Total Debt	<u>\$ 2,865,363</u>	<u>\$ 35,213</u>	<u>\$ (103,920)</u>	<u>\$ 2,796,656</u>

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2003, are as follows:

<u>Year Ending December</u>	<u>Bond - USDA</u>		<u>Bond - USDA</u>		<u>Bond - Fire Truck</u>		<u>Bond - OWDA</u>		<u>Note -OWDA</u>
	<u>Series A Principal</u>	<u>Interest</u>	<u>Series B Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2004	\$ 24,900	\$ 120,081	\$ 2,100	\$ 9,595	\$ 17,932	\$ 2,064	\$ 20,000	\$ 2,800	\$ 570
2005	26,100	118,867	2,200	9,495	18,935	1,061	20,000	1,400	1,140
2006	27,400	117,595	2,300	9,391	-	-	-	-	1,140
2007	28,800	116,259	2,400	9,282	-	-	-	-	1,140
2008	30,100	114,855	2,600	9,168	-	-	-	-	1,140
2009-2013	174,200	550,759	14,500	43,910	-	-	-	-	5,700
2014-2018	221,100	503,938	18,400	40,105	-	-	-	-	5,700
2019-2023	280,500	444,536	23,200	35,312	-	-	-	-	2,846
2024-2028	355,800	369,175	29,200	29,255	-	-	-	-	-
2029-2033	451,500	273,562	36,800	21,632	-	-	-	-	-
2034-2038	572,700	152,256	46,500	12,009	-	-	-	-	-
2039-2040	<u>270,100</u>	<u>19,909</u>	<u>21,800</u>	<u>1,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,463,200</u>	<u>\$ 2,901,792</u>	<u>\$ 202,000</u>	<u>\$ 230,722</u>	<u>\$ 36,867</u>	<u>\$ 3,125</u>	<u>\$ 40,000</u>	<u>\$ 4,200</u>	<u>\$ 19,376</u>

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

NOTE 9 - DEBT OBLIGATIONS - (Continued)

The 2001 OWDA planning note with a principal balance of \$40,000 at December 31, 2002 for construction of the Village water tower was retired by a \$5,000 principal payment from the Village and a \$35,000 principal payment from OWDA which resulted in a new construction loan. The construction loan also had \$213 of capitalized interest accumulated during 2003. The 2003 construction note for the elevated tank was not fully disbursed as of December 31, 2003. Upon final disbursement, OWDA will finalize financing terms and repayment requirements.

NOTE 10 - DEBT SERVICE TRUSTEED FUNDS

The Sanitary Sewer Installment trust agreement required the Village to establish a debt service fund to be maintained by a custodian bank. The Village has established this fund. At December 31, 2003, the custodian held \$0 in Village assets. These assets, and the related receipts and disbursements, are not reflected in the accompanying financial statements.

NOTE 11 - RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Buildings and contents
- Vehicles
- Inland marine
- Public official's liability

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

NOTE 12 - CONTINGENT LIABILITY

LITIGATION

The Village is currently not involved in litigation that the Village's legal counsel anticipates a loss.

NOTE 13 - SUBSEQUENT EVENT

On March 31, 2004, the Clerk/Treasurer completed her term of office. Effective April 1, 2004, Julie Cronau became Clerk/Treasurer of the Village.

TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited the financial statements of the Village of New Washington (the “Village”) as of and for the year ended December 31, 2003, and have issued our report thereon dated March 31, 2004. 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.

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, contracts and grants, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2003-VONW-001, 2003-VONW-002 and 2003-VONW-003. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Village in a separate letter dated March 31, 2004.

Members of Council and Mayor
Village of New Washington

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 two matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 judgment 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. Reportable conditions are described in the accompanying schedule of findings as items 2003-VONW-004 and 2003-VONW-005.

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, of the reportable conditions described above, we consider 2003-VONW-004 and 2003-VONW-005 to be material weaknesses. We also noted other matters involving the internal control over financial reporting that we have reported to the management of the Village in a separate letter dated March 31, 2004.

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

Trimble, Julian & Grube, Inc.
March 31, 2004

VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY, OHIO

SCHEDULE OF FINDINGS
DECEMBER 31, 2003

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

Finding Number	2003-VOF-001
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Ohio Revised Code Section 5705.39 requires that no subdivision is to appropriate more monies than estimated resources.

It was noted during the audit that for the year ended December 31, 2003, the Village had appropriations exceeding estimated resources in the following fund:

<u>Fund Type/Fund</u>	<u>Excess</u>
<u>ENTERPRISE FUND TYPE:</u>	
Sewer Construction	\$ 4,506

With appropriations exceeding estimated resources, the Village is unlawfully appropriating monies and thus could cause a negative fund balance.

We recommend that the Village comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring appropriations so they do not exceed estimated resources. This may be achieved by monitoring the budget more closely on a continual basis and amending estimated resources or appropriations as necessary.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY, OHIO**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003**

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

Finding Number	2003-VONW-002
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Ohio Revised Code Section 5705.41(B) requires in part that no subdivision is to expend monies unless it has been appropriated.

It was noted during the audit that the Village had expenditures in excess of appropriations for the year ended December 31, 2003 in the following funds:

<u>Fund Type/Fund</u>	<u>Excess</u>
General	\$ 53,676
 <u>SPECIAL REVENUE FUNDS:</u>	
Street Construction,	
Maintenance and Repair	33,833
State Highway	164
Ambulance	10,359
 <u>ENTERPRISE FUNDS:</u>	
Sewer	8,628
Sewer Construction	50

Disclosure is presented at the fund level, rather than at the department and item level within the fund due to the practicality of determining these values.

The Village is expending monies that have not been appropriated by the Members of Council. This could result in unnecessary purchases or fund deficits.

We recommend that the Village comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY, OHIO**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003**

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

Finding Number	2003-VONW-003
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Ohio Revised Code Section 5705.41 (D) requires that no orders or contracts involving the expenditure of monies are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

It was noted during the audit that expenditures by the Village were not evidenced by attached purchase orders complete with a date of certification executed in a timely manner by the Clerk/Treasurer.

Without timely certification and evidence of such certification, the Village may expend more funds than available in the treasury, in the process of collection or than funds appropriated by the Village Council, which could potentially lead to negative fund balances. In addition, the Village may make unnecessary purchases.

We recommend that the Village implement a policy and procedure for contracts involving the expenditure of money be timely certified to insure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. The Village should issue approved purchase orders and consider using blanket and super blanket purchase orders and/or "Then" and "Now" certificates where applicable.

Finding Number	2003-VONW-004
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It was noted during the audit that an appropriation ledger was not maintained throughout the year.

It is not proper budgeting stewardness for the Village to expend monies or incur obligations without maintaining an appropriation ledger to monitor that funds have been properly appropriated for such expenditures.

We recommend that the Village Council maintain an appropriation ledger, and update them accordingly. These ledgers should be reviewed periodically by the Village Council to enable them to make appropriate budgetary decisions. The Village may consider consulting with an accounting firm to help monitor compliance with this requirement. We also recommend obtaining a computerized system to help with efficiency and effectiveness throughout the year.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY, OHIO**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003**

Finding Number	2003-VONW-005
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It was noted during the audit that the Village does not use a computer system to account for its general accounting and payroll functions.

Lack of the use of a computer, requires numerous repetitive calculations to be performed when computing payroll, writing checks, tracking budgetary items, and etc.

We recommend that the Village investigate computerizing the Village operations.

This will enable the Village to more accurately be aware of its financial condition on a daily basis.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2002-VONW-001	Ohio Revised Code Section 5705.41(B) requires in part that no subdivision is to expend monies unless it has been appropriated.	No	The Village is attempting to monitor and amend its appropriations as necessary.
2002-VONW-002	Ohio Revised Code Section 5705.41 (D) requires that no orders or contracts involving the expenditure of monies are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.	No	The Village is attempting to date purchase orders and evidence date certified.
2002-VONW-003	It was noted during the audit that an appropriation ledger was not maintained throughout the year.	No	The Village is attempting to manually monitor appropriations and usage.
2002-VONW-004	It was noted during the audit that the Village does not use a computer system to account for its general accounting and payroll functions.	No	The Village is currently on the UAN wait list to obtain a computer system.

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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
JUNE 1, 2004**