

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**



Dave Yost • 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, 2010 through December 31, 2011. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 12, 2012

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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, 2011 and 2010. 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 2011 and 2010, 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.

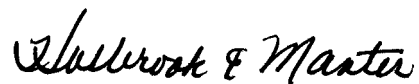
In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2011 and 2010, 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, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As described in Note 2, during 2011, the District adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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 20, 2012 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 "Shullbrook & Manton". The script is cursive and elegant, with the ampersand being particularly stylized.

Certified Public Accountants

June 20, 2012

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, 2011

	<u>Governmental Fund Types</u>			Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
CASH RECEIPTS:-				
Property and other local taxes	\$ 35,845	\$ 34,407	\$ 0	\$ 70,252
Municipal income taxes	309,297	0	0	309,297
Intergovernmental	47,535	35,775	0	83,310
Special assessments	0	4,912	0	4,912
Charges for services	0	14,106	0	14,106
Fines, licenses and permits	8,695	0	0	8,695
Earnings on investments	657	1,171	466	2,294
Miscellaneous	3,332	26	0	3,358
Total cash receipts	405,361	90,397	466	496,224
CASH DISBURSEMENTS:-				
Current:-				
Security of persons and property	108,039	21,416	0	129,455
Public health service	4,828	0	0	4,828
Leisure time activities	22,814	0	0	22,814
Community environment	724	0	0	724
Transportation	0	116,456	0	116,456
General government	151,023	0	0	151,023
Capital outlay	0	0	12,790	12,790
Total cash disbursements	287,428	137,872	12,790	438,090
Total receipts over (under) cash disbursements	117,933	(47,475)	(12,324)	58,134
OTHER FINANCING RECEIPTS (DISBURSEMENTS):-				
Sale of fixed assets	0	0	300,000	300,000
Advance in	26,385	0	0	26,385
Advance out	(26,385)	0	0	(26,385)
Transfers - in	0	60,000	0	60,000
Transfers - out	(60,000)	0	0	(60,000)
Total other financing receipts (disbursements)	(60,000)	60,000	300,000	300,000
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	57,933	12,525	287,676	358,134
Fund cash balances, January 1, 2011	141,266	273,296	0	414,562
Fund cash balances, December 31, 2011				
Restricted	0	285,821	287,676	573,497
Unassigned	199,199	0	0	199,199
Fund cash balances, December 31, 2011	\$ 199,199	\$ 285,821	\$ 287,676	\$ 772,696

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, 2011

	<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	\$ 295,824	\$ 0	\$ 295,824
Total operating cash receipts	295,824	0	295,824
OPERATING CASH DISBURSEMENTS:-			
Current:-			
Personal services	44,638	0	44,638
Employee fringe benefits	7,408	0	7,408
Contractual services	40,920	0	40,920
Supplies and materials	74,250	0	74,250
Total operating cash disbursements	167,216	0	167,216
Net operating receipts (disbursements)	128,608	0	128,608
NON-OPERATING CASH RECEIPTS (DISBURSEMENTS):-			
Intergovernmental	40,296	0	40,296
Earnings on investments	943	83	1,026
Sale of fixed assets	500,000	0	500,000
Redemption of principal	(498,431)	0	(498,431)
Interest and other fiscal charges	(119,889)	0	(119,889)
Total non-operating cash receipts (disbursements)	(77,081)	83	(76,998)
Excess of receipts over (under) disbursements before interfund transfers	51,527	83	51,610
Advances- in	26,385	0	26,385
Advances- out	(26,385)	0	(26,385)
Net receipts over (under) disbursements	51,527	83	51,610
Fund cash balances, January 1, 2011	428,429	12,458	440,887
Fund cash balances, December 31, 2011	\$ 479,956	\$ 12,541	\$ 492,497

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, 2010

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
CASH RECEIPTS:-			
Property and other local taxes	\$ 34,861	\$ 34,827	\$ 69,688
Municipal income taxes	322,974	0	322,974
Intergovernmental	61,724	65,260	126,984
Special assessments	0	5,025	5,025
Charges for services	29,968	13,738	43,706
Fines, licenses and permits	9,145	0	9,145
Earnings on investments	538	1,829	2,367
Miscellaneous	8,152	170	8,322
Total cash receipts	467,362	120,849	588,211
CASH DISBURSEMENTS:-			
Current:-			
Security of persons and property	234,686	34,018	268,704
Public health service	6,598	0	6,598
Leisure time activities	54,026	0	54,026
Community environment	764	0	764
Transportation	0	122,858	122,858
General government	138,983	0	138,983
Total cash disbursements	435,057	156,876	591,933
Total receipts over (under) cash disbursements	32,305	(36,027)	(3,722)
OTHER FINANCING RECEIPTS (DISBURSEMENTS):-			
Transfers - out	(35,000)	0	(35,000)
Transfers - in	0	35,000	35,000
Total other financing receipts (disbursements)	(35,000)	35,000	0
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	(2,695)	(1,027)	(3,722)
Fund cash balances, January 1, 2010 (restated)	143,961	274,323	418,284
Fund cash balances, December 31, 2010	\$ 141,266	\$ 273,296	\$ 414,562
Reserve for encumbrances, December 31, 2010	\$ 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, 2010

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Private Purpose	
OPERATING CASH RECEIPTS:-			
Charges for services	\$ 513,797	\$ 0	\$ 513,797
Total operating cash receipts	513,797	0	513,797
OPERATING CASH DISBURSEMENTS:-			
Current:			
Personal services	94,473	0	94,473
Employee fringe benefits	21,661	0	21,661
Contractual services	43,449	0	43,449
Supplies and materials	51,848	0	51,848
Total operating cash disbursements	211,431	0	211,431
Net operating receipts (disbursements)	302,366	0	302,366
NON-OPERATING CASH RECEIPTS (DISBURSEMENTS):-			
Earnings on investments	1,515	85	1,600
Capital outlay	(22,673)	0	(22,673)
Redemption of principal	(63,132)	0	(63,132)
Interest and other fiscal charges	(128,714)	0	(128,714)
Total non-operating cash receipts (disbursements)	(213,004)	85	(212,919)
Net receipts over (under) disbursements	89,362	85	89,447
Fund cash balances, January 1, 2010	339,067	12,373	351,440
Fund cash balances, December 31, 2010	\$ 428,429	\$ 12,458	\$ 440,887

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, 2011 AND 2010**

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, 2011 ND 2010**

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

Capital Improvement Fund

This fund is used to account for resources restricted for capital improvements. The proceeds in this fund originated from the sale of the Village's water system to Northern Ohio Rural Water.

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. During 2011, the Village sold their water system to Northern Ohio Rural Water and the Village is in the process of expending and / or obtaining approval to move the monies remaining in the fund

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 2011 and 2010 budgetary activity appears in Note 4.

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.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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

Fund Balance - Fund balance is divided into five classifications based primarily on the extent to which the District must observe constrains imposed upon the use of its governmental-fund resources. The classifications area as follows:

Nonspendable

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

Restricted

Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments: or is imposed by law through constitutional provisions.

Committed

Commissioners can commit amounts via formal action (resolution). The District must adhere to these commitments unless the Commissioners amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund assigned amounts represent intended uses established by District Commissioners or a District official delegated authority by resolution, or by State Statute.

Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Accumulated Leave - In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation leave. Also, one quarter of up to 1000 hours of sick time can also be paid out upon retirement from the Village. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

NOTE 2 - RESTATEMENT OF FUND BALANCE:-

The restatement is due to an adjustment carrying from 2003 that was never made by the Village and the fund now being closed and had the following effect on the fund balances the Village had previously reported.

		General		Special Revenue	
Fund Balance at December 31, 2009	\$	142,784	\$	275,500	
Change in Fund Balance		1,177		(1,177)	
Restated Fund Balance at December 31, 2009	\$	143,961	\$	274,323	

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLE:-

For fiscal year 2011, the Village implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a governmental is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on the fund balance of the Village's funds.

NOTE 4 - 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>2011</u>	<u>2010</u>
Demand deposits	\$ 905,469	\$ 497,609
Certificates of deposit	<u>359,724</u>	<u>357,840</u>
Total deposits	<u>\$ 1,265,193</u>	<u>\$ 855,449</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, 2011 AND 2010

NOTE 5 - BUDGETARY ACTIVITY :-

Budgetary activity for the year ending December 31, 2011 was as follows:

2011 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 337,887	\$ 431,746	\$ 93,859
Special Revenue	218,729	150,397	(68,332)
Capital Projects	122,118	300,466	178,348
Proprietary	248,333	863,448	615,115
Fiduciary	200	83	(117)
Total	\$ 927,267	\$ 1,746,140	\$ 818,873

2011 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 579,070	\$ 373,813	\$ 205,257
Special Revenue	438,059	137,872	300,187
Capital Projects	300,100	12,790	287,310
Proprietary	1,214,733	811,921	402,812
Fiduciary	12,660	0	12,660
Total	\$ 2,544,622	\$ 1,336,396	\$ 1,208,226

Contrary to Ohio law, actual receipts were less than estimated resources during 2011 in the Special Revenue Funds and the Fiduciary Fund by \$68,332 and \$117, respectively.

Contrary to Ohio law, appropriations exceeded estimated resources during 2011 in the General Fund, Capital Projects funds, and the Enterprise funds by \$99,915, \$177,982, and \$537,971, respectively.

Contrary to Ohio law, appropriations exceeded actual resources during 2011 in the General Fund, Special Revenue funds, and the Fiduciary Fund by \$6,056, \$14,366, and \$119, respectively.

VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 5 - BUDGETARY ACTIVITY:- (continued)

Budgetary activity for the year ending December 31, 2010 was as follows:

2010 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 437,866	\$ 467,362	\$ 29,496
Special Revenue	164,763	155,849	(8,914)
Capital Projects	320,835	0	(320,835)
Proprietary	923,788	515,312	(408,476)
Fiduciary	200	85	(115)
Total	\$ 1,847,452	\$ 1,138,608	\$ (708,844)

2010 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 511,893	\$ 470,057	\$ 41,836
Special Revenue	469,496	156,876	312,620
Capital Projects	300,000	0	300,000
Proprietary	1,242,176	425,950	816,226
Fiduciary	12,575	0	12,575
Total	\$ 2,536,140	\$ 1,052,883	\$ 1,483,257

Contrary to Ohio law, actual receipts were less than estimated resources during 2010 in the Special Revenue funds, Capital Projects funds, Proprietary funds, and Fiduciary funds by \$8,914, \$320,835, \$408,476, and \$115, respectively.

Contrary to Ohio law, appropriations exceeded estimated resources during 2010 in the Special Revenue Funds by \$30,410.

Contrary to Ohio law, appropriations exceeded actual resources during 2010 in the Special Revenue funds, Capital Projects funds, Enterprise funds, and the Fiduciary funds by \$39,324, \$300,000, \$387,797 and \$117, respectively.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

NOTE 6 - 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 7 - 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 8 - DEBT:-

Debt outstanding at December 31, 2011 was as follows:

	Rate	Principal Balance 12/31/2011
BONDS:-		
Bond - USDA - Series A	4.88%	\$ 2,226,400
Bond - USDA - Series B	4.75%	182,099
Total bonds		\$ 2,408,499

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, 2011, the Village had outstanding balances on the loans of \$2,226,400 and \$182,099, respectively. Total interest expense incurred was \$119,016 for 2011 and \$120,768 for 2010.

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, 2011, this loan was paid in full with proceeds from the sale of the water system to Northern Ohio Rural Water.

VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

NOTE 8 - DEBT:- (continued)

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, 2011, the loan was paid in full with proceeds from the sale of the water system to Northern Ohio Rural Water.

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, 2011, this loan was paid in full with proceeds from the sale of the water system to Northern Ohio Rural Water.

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

Year ending December 31,	Bond - USDA - Series A		Bond - USDA - Series B		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 36,500	\$ 108,537	\$ 3,000	\$ 8,650	\$ 39,500	\$ 117,187
2013	38,200	106,578	3,200	8,507	41,400	115,085
2014	40,200	104,895	3,400	8,355	43,600	113,250
2015	42,000	102,936	3,500	8,194	45,500	111,130
2016	44,100	100,888	3,600	8,028	47,700	108,916
2017-2021	255,000	470,004	21,100	37,364	276,100	507,368
2022-2026	323,600	401,490	26,700	31,849	350,300	433,339
2027-2031	410,400	314,555	33,500	24,890	443,900	339,445
2033-2036	520,700	204,263	42,400	16,131	563,100	220,394
2037-2041	515,700	64,345	41,699	5,068	557,399	69,413
	<u>\$ 2,226,400</u>	<u>\$ 1,978,491</u>	<u>\$ 182,099</u>	<u>\$ 157,036</u>	<u>\$ 2,408,499</u>	<u>\$ 2,135,527</u>

NOTE 9 - RETIREMENT SYSTEMS:-

The Village's certified Policemen 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 2011 and 2010, members of OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% 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, 2011.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

NOTE 10 - 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 11 - SALE OF WATER SYSTEM:-

During 2011, the Village sold their water system to Northern Ohio Rural Water for \$800,000. The Village obtained a legal opinion from the Village Solicitor stating that the balance of funds remaining after the repayment of debt shall be placed in a permanent improvement fund. The proceeds of the Permanent Improvement Fund cannot be used for current operating expenses. The balance of funds can only be spent for permanent improvements within the Village which have a life expectancy of more than five years. The Village recorded \$500,000 in the Water Fund to pay off the remaining balance on the Village's Ohio Water Development Authority elevated water tank loan and placed the remaining \$300,000 in a new permanent improvement fund.

NOTE 12 - SUBSEQUENT EVENT:-

The Village evaluated subsequent events through June 20, 2012, the date which the financial statements were available to be issued.

Subsequent to year end the Village used a portion of the monies in the Capital Improvement Fund, received from the sale of the water system to Northern Ohio Rural Water, to purchase and remodel a building that is used by the Street Department.

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Independent Accountants' 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, Ohio (the Village), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated June 20, 2012, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State of Ohio prescribes or permits 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 the Comptroller General of the United States' *Government Auditing Standards*.

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 audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as described in the accompanying schedule of findings, we identified a deficiency in internal control over financial reporting, that we consider a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A material weakness is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-001 described in the accompanying schedule of findings to be a material weakness.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated June 20, 2012.

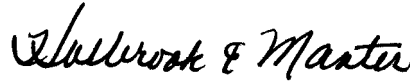
Compliance and Other Matters

As part of reasonably assuring whether the Government's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2011-002, 2011-003, 2011-004 and 2011-005.

We also noted certain instances not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 20, 2012.

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

We intend this report solely for the information and use of management and the Village Council. We intend it for no one other than these specified parties.



Certified Public Accountants

June 20, 2012

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

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

Finding Number	2011-001
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Material Weakness in Internal Control – Obtaining SAS 70 and SSAE 16 Reports for Service Organizations

Governments often use "service organizations" to process accounting transactions on their behalf. When a government has delegated an accounting function to an outside organization (called a service organization), Statement on Auditing Standards No. 70 (SAS 70) and SSAE 16, (SAS 70's eventual replacement), imposes certain additional audit requirements for processing of transactions by service organizations. These standards require the Village's Auditor to assume audit responsibility for accounting processes performed at the service organization. These standards also prescribe reports that a service organization's auditors can prepare for the Government's use. If these reports are not prepared for those service organizations processing material transactions, user organizations should consider negotiating a clause in their service contract requiring such a report.

The Village did not obtain a SAS 70 or SSAE 16 report for the service organization which they used during the period under audit. However, the auditors were able to perform alternative procedures to determine that the functions performed by the service organization were operating effectively.

We recommend that the Village consider negotiating a clause in their service contract requiring the SAS 70 or SSAE 16 reports each year for any service organizations used.

Officials' Response

Village is aware of the requirement to obtain a SAS 70 or SSAE16 report from service organizations however, they do not intend on changing their agreement, but will ensure their auditors perform alternative procedures at the service organization's location for each audit.

Finding Number	2011-002
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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 5 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 FINDINGS
DECEMBER 31, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2011-003
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Noncompliance Citation – Appropriations Exceeding Estimated Resources

Ohio Revised Code, Section 5705.39, states that the total appropriation from each fund should not exceed the total estimated revenue as certified by the county budget commission. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. The Village’s appropriations exceeded estimated resources as of December 31, 2011 and 2010, as outlined in Note 5 of the financial statements.

We recommend the Village Council and the clerk periodically review the Village’s appropriations versus certified estimated resources to identify and investigate any variances and to help monitor legal compliance. The Village officials should ensure that the Village has properly prepared and submitted all required budgetary documents to the county auditor. Also, each time appropriations are adopted or amended, the Village should ensure the certificate of the County Auditor is received indicating appropriations do not exceed certified resources.

Officials’ Response

When supplemental appropriations are approved by the Village Council, the Finance Director will submit the appropriate paperwork with the County Auditor.

Finding Number	2011-004
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Noncompliance Citation – Prior Certification of Expenditures

Ohio Revised Code, Section 5705.41 (D) requires that no orders or contracts involving the expenditures 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 all expenditures had a purchase order and every purchase order was at least signed by the clerk; however, there were instances during both 2011 and 2010 where the purchase orders were dated after the invoice date.

Without timely certification, the Village may expend more funds than available in the treasury, in the process of collection, or than funds appropriated.

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.

Officials’ Response

Village will continue to monitor the purchase order process and make efforts to improve the processes to prevent these instances to occur in the future.

VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010

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

Finding Number	2011-005
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Noncompliance Citation – Public Records Policy

Every public office must have a policy in place—for compliance with Public Records Laws. There are three specific items that public offices cannot have in their public records policies. They policy cannot: (1) limit the number of public records it will make available to a single person; (2) limit the number of public records it will make available during a fixed period of time; or (3) establish a fixed period of time before it will respond to a request for inspection/copying of public records unless that period is less than eight hours.

By September 29, 2007, all public offices were required to create a poster describing its public records policy. In addition, the public office is required to post the poster in a conspicuous place in the public office and in all locations where the public office has branch offices. Finally, if the public office has an employee policies and procedures manual or handbook, it is required that the public records policy be included in such manual or handbook.

Pursuant to Ohio Rev. Code 149.43(B)(2), the entity shall have available a copy of its current records retention schedule at a location readily available to the public. Any application or schedule for the destruction of records must be sent to the Ohio Historical Society for review to determine whether any of the records are of historical value [Ohio Rev. Code §149.39] Once reviewed by the Ohio Historical Society, the applications are then forwarded to the Ohio Auditor of State's Office for final approval. A model policy is available at www.ohioattorneygeneral.gov/files/Forms/Forms-for-Government.

During our compliance testing, it was noted that the Village had not implemented a public records policy or a records retention policy. We recommend that the above steps be taken to adopt the necessary formal policies and that they be posted where the public can see them.

Officials' Response

Village will continue to work on a public records policy and records retention schedule.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2009-001	Significant Deficiency - Contractual Agreements	Yes	Fully Corrected.
2009-002	Significant Deficiency - Internal Control and Review Procedures.	Yes	Fully Corrected.
2009-003	Ohio Revised Code, Section 5705.36 Amending Estimated Resources.	No	Repeated as finding 2011-002.



Dave Yost • 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
NOVEMBER 8, 2012