

**VILLAGE OF NEW WASHINGTON  
CRAWFORD COUNTY  
REPORT ON FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**





# Dave Yost • Auditor of State

Village Council  
Village of New Washington  
119 E. Mansfield Street  
P.O. Box 217  
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, 2012 through December 31, 2013. 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.

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

Dave Yost  
Auditor of State

August 12, 2014

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## TABLE OF CONTENTS

	<b>PAGE</b>
Independent Auditors' Report.....	3-4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2013 .....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary Fund Types - For the Year Ended December 31, 2013 .....	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2012 .....	7
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2012 .....	8
Notes to the Financial Statements .....	9-15
Independent Accountants' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	16-17
Schedule of Findings.....	18-20
Schedule of Prior Year Audit Findings .....	21



## **INDEPENDENT AUDITORS' REPORT**

Village of New Washington  
Crawford County  
119 E. Mansfield Street  
P.O. Box 217  
New Washington, Oh 44854

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Village of New Washington, Crawford County, Ohio, (the Village) as of and for the years ended December 31, 2013 and 2012.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Government's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***


In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of New Washington, Crawford County, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2014 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Government's internal control over financial reporting and compliance.



Certified Public Accountants

June 24, 2014  
Marion, Ohio

**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, 2013**

	<u>Governmental Fund Types</u>			<b>Total (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>CASH RECEIPTS:-</b>				
Property and other local taxes	\$ 31,310	\$ 37,463	\$ 0	\$ 68,773
Municipal income taxes	303,904	0	0	303,904
Intergovernmental	32,606	36,678	0	69,284
Special assessments	0	5,298	0	5,298
Charges for services	17,016	18,627	0	35,643
Fines, licenses and permits	10,861	0	0	10,861
Earnings on investments	920	690	127	1,737
Miscellaneous	447	0	0	447
	<hr/>	<hr/>	<hr/>	<hr/>
Total cash receipts	397,064	98,756	127	495,947
<b>CASH DISBURSEMENTS:-</b>				
<b>Current:-</b>				
Security of persons and property	104,655	21,275	0	125,930
Public health service	1,727	0	0	1,727
Leisure time activities	39,454	0	0	39,454
Community environment	804	0	0	804
Transportation	0	155,042	0	155,042
General government	192,877	0	0	192,877
Capital outlay	0	0	4,016	4,016
	<hr/>	<hr/>	<hr/>	<hr/>
Total cash disbursements	339,517	176,317	4,016	519,850
Excess of receipts over (under) disbursements	57,547	( 77,561)	( 3,889)	( 23,903)
<b>OTHER FINANCING RECEIPTS (DISBURSEMENTS):-</b>				
Sale of fixed assets	3,200	0	0	3,200
Transfers - in	105,507	131,000	0	236,507
Transfers - out	( 131,000)	0	0	( 131,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing receipts (disbursements)	( 22,293)	131,000	0	108,707
Special item	44,050	0	0	44,050
Net change in fund cash balances	79,304	53,439	( 3,889)	128,854
Fund cash balances, January 1, 2013	294,405	321,534	128,513	744,452
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund cash balances, December 31, 2013</b>				
Restricted	0	374,973	124,624	499,597
Unassigned	373,709	0	0	373,709
	<hr/>	<hr/>	<hr/>	<hr/>
Fund cash balances, December 31, 2013	\$ 373,709	\$ 374,973	\$ 124,624	\$ 873,306

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, 2013

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>OPERATING CASH RECEIPTS:-</b>	
Charges for services	\$ 302,513
Total operating cash receipts	302,513
<b>OPERATING CASH DISBURSEMENTS:-</b>	
Current;-	
Personal services	11,329
Employee fringe benefits	1,867
Contractual services	29,314
Supplies and materials	15,466
Total operating cash disbursements	57,976
Operating income (loss)	244,537
<b>NON-OPERATING CASH RECEIPTS (DISBURSEMENTS):-</b>	
Intergovernmental	0
Earnings on investments	568
Capital outlay	( 4,071)
Redemption of principal	( 41,400)
Interest and other fiscal charges	( 115,265)
Total non-operating cash receipts (disbursements)	( 160,168)
Excess of receipts over (under) disbursements before interfund transfers	84,369
Transfer- out	( 105,507)
Net change in fund cash balances	( 21,138)
Fund cash balances, January 1, 2013	517,696
<b>Fund cash balances, December 31, 2013</b>	<b>\$ 496,558</b>

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, 2012**

	<u>Governmental Fund Types</u>			<b>Total (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>CASH RECEIPTS:-</b>				
Property and other local taxes	\$ 33,033	\$ 35,323	\$ 0	\$ 68,356
Municipal income taxes	299,403	0	0	299,403
Intergovernmental	54,052	67,232	0	121,284
Special assessments	0	5,162	0	5,162
Charges for services	19,515	13,662	0	33,177
Fines, licenses and permits	14,340	0	0	14,340
Earnings on investments	483	615	182	1,280
Miscellaneous	2,167	3,500	0	5,667
	<u>422,993</u>	<u>125,494</u>	<u>182</u>	<u>548,669</u>
<b>CASH DISBURSEMENTS:-</b>				
<b>Current:-</b>				
Security of persons and property	105,857	28,365	0	134,222
Public health service	5,712	0	0	5,712
Leisure time activities	41,567	0	0	41,567
Community environment	764	0	0	764
Transportation	0	129,416	0	129,416
General government	140,387	0	0	140,387
Capital outlay	0	0	159,345	159,345
	<u>294,287</u>	<u>157,781</u>	<u>159,345</u>	<u>611,413</u>
Total cash disbursements	<u>294,287</u>	<u>157,781</u>	<u>159,345</u>	<u>611,413</u>
Excess receipts over (under) disbursements	128,706	( 32,287)	( 159,163)	( 62,744)
<b>OTHER FINANCING RECEIPTS (DISBURSEMENTS):-</b>				
Sale of fixed assets	34,500	0	0	34,500
Transfers - out	( 68,000)	0	0	( 68,000)
Transfers - in	0	68,000	0	68,000
	<u>( 33,500)</u>	<u>68,000</u>	<u>0</u>	<u>34,500</u>
Total other financing receipts (disbursements)	<u>( 33,500)</u>	<u>68,000</u>	<u>0</u>	<u>34,500</u>
Net change in fund cash balances	95,206	35,713	( 159,163)	( 28,244)
Fund cash balances, January 1, 2012	<u>199,199</u>	<u>285,821</u>	<u>287,676</u>	<u>772,696</u>
<b>Fund cash balances, December 31, 2012</b>				
Restricted	0	321,534	128,513	450,047
Unassigned	294,405	0	0	294,405
	<u>294,405</u>	<u>321,534</u>	<u>128,513</u>	<u>744,452</u>
<b>Fund cash balances, December 31, 2012</b>	<u>\$ 294,405</u>	<u>\$ 321,534</u>	<u>\$ 128,513</u>	<u>\$ 744,452</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 - PROPRIETARY AND FIDUCIARY FUND TYPES -  
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Private Purpose</u>	
<b>OPERATING CASH RECEIPTS:-</b>			
Charges for services	\$ 271,643	\$ 0	\$ 271,643
Total operating cash receipts	271,643	0	271,643
<b>OPERATING CASH DISBURSEMENTS:-</b>			
Current:			
Personal services	11,235	0	11,235
Employee fringe benefits	1,736	0	1,736
Contractual services	24,031	0	24,031
Supplies and materials	30,794	12,576	43,370
Total operating cash disbursements	67,796	12,576	80,372
Operating income (loss)	203,847	( 12,576)	191,271
<b>NON-OPERATING CASH RECEIPTS (DISBURSEMENTS):-</b>			
Earnings on investments	580	35	615
Capital outlay	( 10,000)	0	( 10,000)
Redemption of principal	( 39,500)	0	( 39,500)
Interest and other fiscal charges	( 117,187)	0	( 117,187)
Total non-operating cash receipts (disbursements)	( 166,107)	35	( 166,072)
Net change in fund cash balances	37,740	( 12,541)	25,199
Fund cash balances, January 1, 2012	479,956	12,541	492,497
<b>Fund cash balances, December 31, 2012</b>	<b>\$ 517,696</b>	<b>\$ 0</b>	<b>\$ 517,696</b>

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, 2013 AND 2012**

**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.

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.

**VILLAGE OF NEW WASHINGTON  
CRAWFORD COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 ND 2012**

**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. 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. The Village 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. These funds were fully disbursed during 2012 and the fund was closed.

**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 2013 and 2012 budgetary activity appears in Note 3.

**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.

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

**VILLAGE OF NEW WASHINGTON  
CRAWFORD COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

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

Nonspendable

The Village 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 Village 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 Village Council or a Village official delegated that 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 - 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:

	<b>2013</b>	<b>2012</b>
Demand deposits	\$ 950,957	\$ 710,648
Certificates of deposit	418,907	551,500
Total deposits	\$ 1,369,864	\$ 1,262,148

**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, 2013 AND 2012**

**NOTE 3 - BUDGETARY ACTIVITY :-**

Budgetary activity for the year ending December 31, 2013 was as follows:

**2013 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 455,619	\$ 502,571	\$ 46,952
Special Revenue	224,266	229,756	5,490
Capital Projects	177	127	( 50)
Proprietary	<u>264,027</u>	<u>303,081</u>	<u>39,054</u>
<b>Total</b>	<b>\$ <u>944,089</u></b>	<b>\$ <u>1,035,535</u></b>	<b>\$ <u>91,446</u></b>

**2013 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 748,780	\$ 470,517	\$ 278,263
Special Revenue	544,963	176,317	368,646
Capital Projects	128,690	4,016	124,674
Proprietary	<u>781,630</u>	<u>324,219</u>	<u>457,411</u>
<b>Total</b>	<b>\$ <u>2,204,063</u></b>	<b>\$ <u>975,069</u></b>	<b>\$ <u>1,228,994</u></b>

**VILLAGE OF NEW WASHINGTON**  
**CRAWFORD COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012

**NOTE 3 - BUDGETARY ACTIVITY**:- (continued)

Budgetary activity for the year ending December 31, 2012 was as follows:

**2012 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 337,887	\$ 457,493	\$ 119,606
Special Revenue	218,729	193,494	( 25,235)
Capital Projects	105,908	182	( 105,726)
Proprietary	264,543	272,223	7,680
Fiduciary	<u>200</u>	<u>35</u>	<u>( 165)</u>
<b>Total</b>	<b>\$ <u>927,267</u></b>	<b>\$ <u>923,427</u></b>	<b>\$ <u>( 3,840)</u></b>

**2012 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 537,086	\$ 362,287	\$ 174,799
Special Revenue	504,550	157,781	346,769
Capital Projects	393,584	159,345	234,239
Proprietary	744,499	234,483	510,016
Fiduciary	<u>12,741</u>	<u>12,576</u>	<u>165</u>
<b>Total</b>	<b>\$ <u>2,192,460</u></b>	<b>\$ <u>926,472</u></b>	<b>\$ <u>1,265,988</u></b>

Contrary to Ohio law, actual receipts were less than estimated resources during 2012 in the Special Revenue funds, Capital Projects funds, and Fiduciary funds by \$25,235, \$105,727, and \$165, respectively.

Contrary to Ohio law, appropriations exceeded actual resources during 2012 in the Special Revenue funds, Capital Projects funds, and the Fiduciary funds by \$25,194, \$105,727, and \$165, respectively.



**VILLAGE OF NEW WASHINGTON  
CRAWFORD COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**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.

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, 2013 was as follows:

	<b>Rate</b>	<b>Principal Balance 12/31/2013</b>
<b>BONDS:-</b>		
Bond - USDA - Series A	4.88%	\$ 2,151,700
Bond - USDA - Series B	4.75%	175,900
<b>Total bonds</b>		<b>\$ 2,327,600</b>

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, 2013, the Village had outstanding balances on the loans of \$2,151,700 and \$175,900, respectively. Total interest expense incurred was \$115,265 for 2013 and \$117,187 for 2011.

**VILLAGE OF NEW WASHINGTON  
CRAWFORD COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**NOTE 6 - DEBT:-** (continued)

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
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	46,300	98,738	3,900	7,857	50,200	106,595
2018	48,500	96,481	4,000	7,671	52,500	104,152
2019-2023	280,500	444,537	23,200	35,312	303,700	479,849
2024-2028	355,800	369,174	29,200	29,255	385,000	398,429
2029-2033	451,500	273,561	36,800	21,632	488,300	295,193
2035-2038	572,700	152,256	46,500	12,008	619,200	164,264
2039-2043	270,100	19,910	21,800	1,568	291,900	21,478
	<u>\$ 2,151,700</u>	<u>\$ 1,763,376</u>	<u>\$ 175,900</u>	<u>\$ 139,880</u>	<u>\$ 2,327,600</u>	<u>\$ 1,903,256</u>

**NOTE 7 - RETIREMENT SYSTEMS:-**

The Village's certified 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 2013 and 2012, 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, 2013.

**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:-**

The Village evaluated subsequent events through June 24, 2014, the date which the financial statements were available to be issued.



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

Village of New Washington  
Crawford County  
119 E. Mansfield Street  
P.O. Box 217  
New Washington, Oh 44854

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of New Washington, Crawford County, (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated June 24, 2014.

**Internal Control Over Financial Reporting**

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Government's financial statements. 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 consider finding 2013-001 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 24, 2014.

**Compliance and Other Matters**


As part of reasonably assuring whether the Village'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, opining 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 or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items, 2013-002 and 2013-003.

**Entity's Response to Findings**

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

**Purpose of this Report**

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Government's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants

Marion, Ohio  
June 24, 2014

**VILLAGE OF NEW WASHINGTON  
CRAWFORD COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012**

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

<b>Finding Number</b>	<b>2013-001</b>
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**Material Weakness in Internal Control – Obtaining 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), SSAE 16, (SAS 70's 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 an 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 SSAE 16 reports each year for any service organizations used.

**Officials' Response**

Village is aware of the requirement to obtain an 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.

**VILLAGE OF NEW WASHINGTON  
CRAWFORD COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012**

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

<b>Finding Number</b>	<b>2013-002</b>
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**Non Compliance – Appropriations Exceed Available 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. Not amending estimated resources caused the appropriations to exceed available resources. We recommend that the Clerk monitor estimated resources throughout the year and obtain amendments for estimated resources and appropriations from the county budget commission as necessary (See Note 3 of the financial statements).

Also, 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, 2012 as outlined in Note 3 of the financial statements.

**Officials' Response**

Village Council continued to monitor the budget versus actual receipts and certified the necessary amendments to the certificate of estimated resources and appropriation resolutions during 2013.

VILLAGE OF NEW WASHINGTON  
CRAWFORD COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012

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

<b>Finding Number</b>	<b>2013-003</b>
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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](http://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**

The Village has begun drafting their public records policy and records retention schedule and will continue to work on it until it is completed.

**VILLAGE OF NEW WASHINGTON  
CRAWFORD COUNTY  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2011-001	Material Weakness in Internal Control - Obtaining SSAE 16 Reports for Service Organizations	No	Repeated as finding 2013-001.
2011-002	Non Compliance - Ohio Revised Code, Section 5705.36 Amending Estimated Resources.	No	Repeated as finding 2013-002.
2011-003	Non Compliance - Ohio Revised Code, Section 5705.39 Appropriations Exceeding Estimated Resources.	No	Repeated as finding 2013-002.
2011-004	Non Compliance - Ohio Revised Code, Section 5705.41 Prior Certification of Expenditures.	Yes	Finding No Longer Valid.
2011-005	Non Compliance - Ohio Revised Code, Section 149.43 (B)(2) Public Records Policy.	No	Repeated as finding 2013-003.





# 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  
AUGUST 26, 2014**