

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of New Washington, Crawford County, prepared by Holbrook & Manter, for the audit period January 1, 2004 through December 31, 2005. 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 Auditor's 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 Auditor's 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 5, 2007

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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, 2005 and 2004. 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.

Except as discussed in the following paragraph, 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 obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. 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, 2005 and 2004 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, 2005 and 2004, 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, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Village 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 November 27, 2006 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 "Sullivan & Manton". The signature is written in a cursive, flowing style.

Certified Public Accountants

November 27, 2006

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, 2005

	<u>Governmental Fund Types</u>			<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
CASH RECEIPTS:-				
Property and other local taxes	\$ 36,011	\$ 52,144	\$ 0	\$ 88,155
Municipal income taxes	335,019	0	0	335,019
Intergovernmental	119,986	57,180	0	177,166
Special assessments	0	5,078	0	5,078
Charges for services	0	22,209	0	22,209
Fines, licenses and permits	5,057	0	0	5,057
Earnings on investments	3,730	56	0	3,786
Miscellaneous	13,120	250	0	13,370
Total cash receipts	512,923	136,917	0	649,840
CASH DISBURSEMENTS:-				
Current:-				
Security of persons and property	164,146	24,274	0	188,420
Public health service	1,684	0	0	1,684
Leisure time activities	26,071	0	0	26,071
Community environment	761	0	0	761
Transportation	0	59,200	0	59,200
General government	173,322	0	0	173,322
Debt service				
Principal retirement	24,154	18,935	20,000	63,089
Interest and fiscal charges	10,270	1,060	1,400	12,730
Total cash disbursements	400,408	103,469	21,400	525,277
Total receipts over (under) cash disbursements	112,515	33,448	(21,400)	124,563
OTHER FINANCING RECEIPTS (DISBURSEMENTS):-				
Transfers - in	6,339	28,164	1,314	35,817
Transfers - out	(46,314)	(20,695)	0	(67,009)
Total other financing receipts (disbursements)	(39,975)	7,469	1,314	(31,192)
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	72,540	40,917	(20,086)	93,371
Fund cash balances, January 1, 2005	156,887	109,287	20,086	286,260
Fund cash balances, December 31, 2005	\$ 229,427	\$ 150,204	\$ 0	\$ 379,631
Reserve for encumbrances, December 31, 2005	\$ 600	\$ 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, 2005

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
OPERATING CASH RECEIPTS:-			
Charges for services	\$ 406,210	\$ 0	\$ 406,210
Earnings on investments	0	205	205
Total operating cash receipts	406,210	205	406,415
OPERATING CASH DISBURSEMENTS:-			
Current:-			
Personal services	90,931	0	90,931
Employee fringe benefits	20,984	0	20,984
Contractual services	63,142	0	63,142
Supplies and materials	75,618	0	75,618
Capital outlay	81,155	0	81,155
Total operating cash disbursements	331,830	0	331,830
Net operating receipts (disbursements)	74,380	205	74,585
NON-OPERATING CASH RECEIPTS/(DISBURSEMENTS):-			
Proceeds from sale of notes/bonds	78,172	0	78,172
Miscellaneous	5,385	0	5,385
Principal retirement	(29,440)	0	(29,440)
Interest and other fiscal charges	(128,362)	0	(128,362)
Total non-operating cash receipts (disbursements)	(74,245)	0	(74,245)
Excess of receipts over (under) disbursements before interfund transfers	135	205	340
Transfers - in	31,192	0	31,192
Net receipts over (under) disbursements	31,327	205	31,532
Fund cash balances, January 1, 2005	231,650	10,523	242,173
Fund cash balances, December 31, 2005	\$ 262,977	\$ 10,728	\$ 273,705

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, 2004

	<u>Governmental Fund Types</u>			Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
CASH RECEIPTS:-				
Property and other local taxes	\$ 45,911	\$ 50,604	\$ 0	\$ 96,515
Municipal income taxes	351,608	0	0	351,608
Intergovernmental	58,929	33,551	0	92,480
Special assessments	0	5,142	0	5,142
Charges for services	700	34,096	0	34,796
Fines, licenses and permits	4,844	0	0	4,844
Earnings on investments	4,896	366	0	5,262
Miscellaneous	25,035	5	0	25,040
Total cash receipts	491,923	123,764	0	615,687
CASH DISBURSEMENTS:-				
Current:-				
Security of persons and property	220,065	22,098	0	242,163
Public health service	3,677	0	0	3,677
Leisure time activities	20,182	0	0	20,182
Community environment	25,783	0	0	25,783
Transportation	0	86,630	0	86,630
General government	210,021	0	0	210,021
Debt service				
Principal retirement	10,865	17,932	20,000	48,797
Interest and fiscal charges	5,312	2,062	2,800	10,174
Total cash disbursements	495,905	128,722	22,800	647,427
Total receipts over (under) cash disbursements	(3,982)	(4,958)	(22,800)	(31,740)
OTHER FINANCING RECEIPTS (DISBURSEMENTS):-				
Transfers - in	0	30,000	0	30,000
Transfers - out	(30,000)	0	0	(30,000)
Total other financing receipts (disbursements)	(30,000)	30,000	0	0
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	(33,982)	25,042	(22,800)	(31,740)
Fund cash balances, January 1, 2004	190,869	84,245	42,886	318,000
Fund cash balances, December 31, 2004	\$ 156,887	\$ 109,287	\$ 20,086	\$ 286,260

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, 2004

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
OPERATING CASH RECEIPTS:-			
Charges for services	\$ 360,467	\$ 0	\$ 360,467
Earnings on investments	0	229	229
Total operating cash receipts	<u>360,467</u>	<u>229</u>	<u>360,696</u>
OPERATING CASH DISBURSEMENTS:-			
Current:			
Personal services	89,905	0	89,905
Employee fringe benefits	26,582	0	26,582
Contractual services	55,256	0	55,256
Supplies and materials	60,143	0	60,143
Capital outlay	<u>511,323</u>	<u>0</u>	<u>511,323</u>
Total operating cash disbursements	<u>743,209</u>	<u>0</u>	<u>743,209</u>
Net operating receipts (disbursements)	(382,742)	229	(382,513)
NON-OPERATING CASH RECEIPTS/(DISBURSEMENTS):-			
Proceeds from sale of notes/bonds	507,924	0	507,924
Miscellaneous	251	0	251
Principal retirement	(28,140)	0	(28,140)
Interest and other fiscal charges	<u>(129,676)</u>	<u>0</u>	<u>(129,676)</u>
Total non-operating cash receipts (disbursements)	<u>350,359</u>	<u>0</u>	<u>350,359</u>
Net receipts over (under) disbursements	(32,383)	229	(32,154)
Fund cash balances, January 1, 2004	<u>264,033</u>	<u>10,294</u>	<u>274,327</u>
Fund cash balances, December 31, 2004	<u><u>\$ 231,650</u></u>	<u><u>\$ 10,523</u></u>	<u><u>\$ 242,173</u></u>

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

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

- A. **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.

- B. **Basis of Accounting** - These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

- C. **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.

- D. **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.

Debt Service Fund

These funds account for resources the Village accumulates to pay bond and note debt. The Village had the following significant debt service fund:

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

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

OWDA Bond Fund

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

Enterprise Funds

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

Water Fund

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

Sewer Fund

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

Fiduciary Funds

Trust funds account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the Village classifies the fund as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

Cummins Trust – (Nonexpendable Trust)

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

- E. 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 carried over, and need not be reappropriated.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

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

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

NOTE 2 - EQUITY IN POOLED CASH AND INVESTMENTS:-

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

	2005	2004
Demand deposits	\$ 379,596	\$ 322,231
Certificates of deposit	273,740	206,202
Total deposits	\$ 653,336	\$ 528,433

Deposits – The Village's deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Village.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

NOTE 3 - BUDGETARY ACTIVITY :-

Budgetary activity for the year ending December 31, 2005 was as follows:

2005 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 382,031	\$ 519,262	\$ 137,231
Special Revenue	153,142	165,081	11,939
Debt Service	1,402	1,314	(88)
Proprietary	430,501	520,959	90,458
Fiduciary	<u>200</u>	<u>205</u>	<u>5</u>
Total	\$ <u>967,276</u>	\$ <u>1,206,821</u>	\$ <u>239,545</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 435,883	\$ 447,322	\$ 11,439
Special Revenue	117,456	124,164	6,708
Debt Service	21,400	21,400	0
Proprietary	364,875	489,632	124,757
Fiduciary	<u>10,700</u>	<u>0</u>	<u>(10,700)</u>
Total	\$ <u>950,314</u>	\$ <u>1,082,518</u>	\$ <u>132,204</u>

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004

NOTE 3 - BUDGETARY ACTIVITY:- (continued)

Budgetary activity for the year ending December 31, 2004 was as follows:

2004 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 432,000	\$ 491,923	\$ 59,923
Special Revenue	139,861	153,764	13,903
Debt Service	0	0	0
Proprietary	387,000	868,642	481,642
Fiduciary	100	229	129
Total	<u>\$ 958,961</u>	<u>\$ 1,514,558</u>	<u>\$ 555,597</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 486,707	\$ 525,905	\$ 39,198
Special Revenue	193,395	128,722	(64,673)
Debt Service	26,200	22,800	(3,400)
Proprietary	396,868	901,025	504,157
Fiduciary	0	0	0
Total	<u>\$ 1,103,170</u>	<u>\$ 1,578,452</u>	<u>\$ 475,282</u>

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

NOTE 4 - PROPERTY TAX:-

Real property taxes become a lien on January 1, preceding the October 1 date for which rates are adopted by the Village Council. The State Council of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

NOTE 5 - LOCAL INCOME TAX:-

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

NOTE 6 - DEBT:-

Debt outstanding at December 31, 2005 was as follows:

	Rate	Principal Balance 12/31/2005
BONDS:-		
Bond - USDA - Series A	4.88%	\$ 2,412,200
Bond - USDA - Series B	4.75%	197,700
Total bonds		2,609,900
NOTES:-		
Note - OWDA - Elevated Water Tank Replacement	2.00%	495,618
Note - OPWC - Northeast Waterline Replacement	0.00%	17,096
Note - OPWC - Elevated Tank Replacement	0.00%	90,672
Total notes		603,386
Total debt obligations:-		\$ 3,213,286

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

NOTE 6 - DEBT:- (continued)

During 2000, the Village entered into two loan agreements with the United States Department of Agriculture, Rural Development, also known as USDA. These loan funds were used to pay off the interim financing for the completed sewer system project. These loans are Sanitary Sewer System Mortgage Revenue Bonds. The loan amounts were for \$2,487,000, with a fixed interest rate of 4.88%, and \$204,000, with a fixed interest rate of 4.75%. These loans require payments over 40 years through 2040. As of December 31, 2005, the Village had outstanding balances on the loans of \$2,412,000 and \$197,700, respectively. Total interest expense incurred was \$128,362 for 2005 and \$129,676 for 2004.

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, 2005 was \$531,161, with a fixed rate of 2.00%. The loan requires payments over 30 years through 2024. As of December 31, 2005, the Village had an outstanding balance of \$495,618. Total interest expense incurred was \$10,270 for 2005 and \$5,312 for 2004.

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, 2005, the Village had an outstanding balance on the loan of \$17,096.

During 2004, the Village entered into a loan agreement with the OPWC for assistance in replacing the Village's Elevated Water Tank Replacement. 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, 2005, the Village had an outstanding balance on the loan of \$90,672.

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

Year ending December 31,	Bond - USDA - Series A		Bond - USDA - Series B		Note - OWDA		Note - OPWC - Northeast Waterline	Note - OPWC - Elevated Tank Repl.
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Principal
2006	\$ 27,400	\$ 117,595	\$ 2,300	\$ 9,391	\$ 11,136	\$ 4,956	\$ 570	\$ 2,325
2007	28,800	116,259	2,400	9,282	22,606	9,577	1,140	4,650
2008	30,100	114,855	2,600	9,168	23,061	9,123	1,140	4,650
2009	31,600	113,388	2,600	9,044	23,524	8,659	1,140	4,650
2010	33,200	111,847	2,800	8,921	23,997	8,186	1,140	4,650
2011-2015	191,600	533,354	16,000	42,494	127,417	33,500	5,698	23,249
2016-2020	243,200	481,860	20,100	38,318	140,748	20,170	5,698	23,249
2021-2025	308,400	416,525	25,400	33,055	123,129	5,605	570	23,249
2026-2030	391,400	333,635	32,100	26,415	0	0	0	0
2031-2035	496,500	228,467	40,400	18,050	0	0	0	0
2036-2040	630,000	95,058	51,000	7,491	0	0	0	0
	\$ 2,412,200	\$ 2,662,843	\$ 197,700	\$ 211,629	\$ 495,618	\$ 99,776	\$ 17,096	\$ 90,672

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

NOTE 7 - RETIREMENT SYSTEMS:-

The Village's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides 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 2005 and 2004, participants contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2005 and 2004. The Village has paid all contributions required through December 31, 2005.

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.



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

Village Council
Village of New Washington
Crawford County

We have audited the accompanying financial statements of the Village of New Washington, Crawford County, Ohio (the Village) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated November 27, 2006, wherein we noted the Village followed accounting practices the Auditor of State of Ohio prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

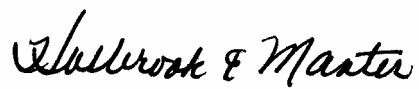
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2005-002. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable conditions described above are material weaknesses. In a separate letter to the Village's management dated November 27, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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, 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 that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2005-001. In a separate letter to the Village's management dated November 27, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intended this report solely for the information and use of the management and Village Council. It is not intended for anyone other than these specified parties.

The image shows a handwritten signature in black ink that reads "Shullbrook & Manton". The signature is written in a cursive, flowing style.

Certified Public Accountants

November 27, 2006

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

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

Finding Number	2005-001
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Noncompliance Citation – Expenditures Exceed Appropriations

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 expenditures by the Village were not certified in a timely manner.

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

The Village is currently addressing the above issue and plans to improve the monitoring of this condition.

Finding Number	2005-002
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Internal Control Reportable Condition - Contractual Agreements

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

No formal agreement lacks Council oversight in formalizing the contributions required of both entities. In addition, the Village needs to more closely monitor that the contractual agreements for ambulance service and fire service are properly followed.

We recommend that the Village enact a retroactive resolution that would allow the management company, Buckeye Recreation, to keep the funds for the respective time frame for maintenance purposes. The Village needs to enter into a new binding agreement with the management company. In order to prevent similar situations from recurring in the future, we recommend that the Village’s legal counsel draft the agreement, and make sure that all necessary requirements are included and all unnecessary requirements are omitted. In addition, we recommend that the Village continuously monitor that the proper contractual agreements exist for various relationships and that the existing contractual agreements are properly followed.

Officials’ Response

The Village is currently addressing the above contractual issues and plan to improve the monitoring of future contractual agreements entered into.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2002-VONW-001	ORC 5705.41 (B) - Expenditures exceed Appropriations	Yes	The Village started to use a computerized (UAN) system to monitor appropriations.
2002-VONW-002	ORC 5705.41 (D) - Failure to properly use fiscal certificates	No	Not Corrected. Reported as finding 2005-001.
2002-VONW-003	Not using appropriation ledger	Yes	The Village started to use a computerized (UAN) system to monitor appropriations.
2002-VONW-004	Computer system for general accounting and payroll functions.	Yes	The Village started to use a computerized (UAN) system for general accounting and payroll functions.



Mary Taylor, CPA
Auditor of State

VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 15, 2007