



Mary Taylor, CPA
Auditor of State

VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY

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Mary Taylor, CPA

Auditor of State

Village of Washingtonville
Columbiana County
100 School Street
Washingtonville, Ohio 44490

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 15, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Washingtonville
Columbiana County
100 School Street
Washingtonville, Ohio 44490

To the Village Council:

We have audited the accompanying financial statements of the Village of Washingtonville, Columbiana County, (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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State 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 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 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 or cash flows, where applicable, 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 of the Village of Washingtonville, Columbiana County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 June 15, 2007, 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.



Mary Taylor, CPA
Auditor of State

June 15, 2007

**VILLAGE OF WASHINGTONVILLE
COLUMBIANA 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**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Project	
Cash Receipts:				
Property Tax and Other Local Taxes	\$15,534	\$71,579		\$87,113
Intergovernmental Receipts	30,493	49,599	\$61,505	141,597
Special Assessments	572			572
Charge for Services		1,293		1,293
Fines, Licenses, and Permits	34,371	424		34,795
Earnings on Investments	5,342	97		5,439
Miscellaneous	158	3,493		3,651
	86,470	126,485	61,505	274,460
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	2,745	78,296		81,041
Public Health Services	256			256
Transportation		18,295		18,295
General Government	44,566			44,566
Capital Outlay			62,456	62,456
Debt Service:				
Principal Payments		2,087		2,087
Interest Payments		62		62
	47,567	98,740	62,456	208,763
Total Cash Disbursements				
Total Receipts Under Disbursements	38,903	27,745	(951)	65,697
Other Financing Receipts and (Disbursements):				
Transfer -In	54,763		381	55,144
Transfer-out	(53,868)		(54,763)	(108,631)
	895	0	(54,382)	(53,487)
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Under Cash Disbursements and Other Financing Disbursements	39,798	27,745	(55,333)	12,210
Fund Cash Balances, January 1	80,265	178,610	91,172	350,047
Fund Cash Balances, December 31	\$120,063	\$206,355	\$35,839	\$362,257

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

**VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$251,347		\$251,347
Fines, Licenses and Permits		\$1,986	1,986
Miscellaneous		43,089	43,089
			<hr/>
Total Operating Cash Receipts	251,347	45,075	296,422
Operating Cash Disbursements:			
Personal Services	67,379		67,379
Fringe Benefits	35,446		35,446
Contractual Services	101,158		101,158
Supplies and Materials	24,317		24,317
Other		41,132	41,132
			<hr/>
Total Operating Cash Disbursements	228,300	41,132	269,432
Operating Income	23,047	3,943	26,990
Non-Operating Cash Receipts:			
Intergovernmental Receipts	1,530		1,530
Miscellaneous	284		284
			<hr/>
Total Non-Operating Cash Receipts	1,814	0	1,814
Non-Operating Cash Disbursements:			
Debt Service	48,235		48,235
Capital Outlay	25,513		25,513
			<hr/>
Total Non-Operating Cash Disbursements	73,748	0	73,748
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(48,887)	3,943	(44,944)
Transfers-In	53,487		53,487
			<hr/>
Net Receipts Over/(Under) Disbursements	4,600	3,943	8,543
Fund Cash Balances, January 1	200,915	9,254	210,169
			<hr/>
Fund Cash Balances, December 31	<u>\$205,515</u>	<u>\$13,197</u>	<u>\$218,712</u>

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

**VILLAGE OF WASHINGTONVILLE
COLUMBIANA 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$14,652	\$73,510		\$88,162
Intergovernmental Receipts	31,312	51,488		82,800
Special Assessments	583	0		583
Fines, Licenses, and Permits	28,663	306		28,969
Earnings on Investments	530	0		530
Miscellaneous	140	1,458		1,598
	<hr/>	<hr/>		<hr/>
Total Cash Receipts	75,880	126,762	0	202,642
Cash Disbursements:				
Current:				
Security of Persons and Property	9,120	52,127		61,247
Public Health Services	392			392
Transportation		8,755		8,755
General Government	68,827			68,827
Capital Outlay		9,584		9,584
Debt Service:				
Principal Payments	1,896	2,012		3,908
Interest Payments	239	123		362
	<hr/>	<hr/>		<hr/>
Total Cash Disbursements	80,474	72,601	0	153,075
Total Receipts Over/(Under) Disbursements	(4,594)	54,161	0	49,567
Other Financing Receipts and (Disbursements):				
Other Financing Uses	(438)			(438)
	<hr/>			<hr/>
Total Other Financing Receipts/(Disbursements)	(438)	0	0	(438)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(5,032)	54,161	0	49,129
Fund Cash Balances, January 1	85,297	124,449	91,172	300,918
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$80,265	\$178,610	\$91,172	\$350,047

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

**VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$260,440		\$260,440
Fines, Licenses and Permits		\$1,506	1,506
Miscellaneous	200	29,537	29,737
	<hr/>	<hr/>	<hr/>
Total Operating Cash Receipts	260,640	31,043	291,683
Operating Cash Disbursements:			
Personal Services	39,077		39,077
Fringe Benefits	21,557		21,557
Contractual Services	117,809		117,809
Supplies and Materials	14,866		14,866
Other		29,886	29,886
Capital Outlay	70,802		70,802
	<hr/>	<hr/>	<hr/>
Total Operating Cash Disbursements	264,111	29,886	293,997
Operating Income	(3,471)	1,157	(2,314)
Non-Operating Cash Receipts:			
Miscellaneous Receipts	2,669		2,669
	<hr/>	<hr/>	<hr/>
Total Non-Operating Cash Receipts	2,669	0	2,669
Non-Operating Cash Disbursements:			
Debt Service	54,899		54,899
	<hr/>	<hr/>	<hr/>
Total Non-Operating Cash Disbursements	54,899	0	54,899
Net Receipts Over/(Under) Disbursements	(55,701)	1,157	(54,544)
Fund Cash Balances, January 1	256,616	8,097	264,713
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$200,915</u>	<u>\$9,254</u>	<u>\$210,169</u>

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

**VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Washingtonville, Columbiana County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities and police services. The Village contracts with the Village of Leetonia to provide fire protection 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 accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Cash and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposit and repurchase agreements 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:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Street Construction, Maintenance, and Repair Fund - This fund receives gasoline tax and motor vehicle license tax money for constructing, maintaining and repairing Village streets.

**VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Police Levy Fund – This fund receives property tax money used solely to provide police protection for Village residents.

Fire Levy Fund – This fund receives property tax money used solely to provide fire protection for Village residents.

3. Capital Projects Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Projects Fund:

Grant Construction Fund – This fund receives grant money to make improvements to the Village hall.

4. 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 water service costs.

Sewer Fund – This fund receives charges for services from residents to cover sewer service costs.

5. Fiduciary Fund (Agency Funds)

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations, or other governments. The Village disburses these funds as directed by the individual, organization, or other government. The Village's significant Agency Fund accounts for fines and court costs collected through the Mayor's Court.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control except the General Fund which is at the fund, function, 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. Appropriations lapse at year end.

**VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. 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.

3. Encumbrances

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

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

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. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments pool all funds use. 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	\$15,105	\$503,770
Certificates of deposit	0	56,446
Total deposits	\$15,105	\$560,216
Repurchase agreement	565,864	0
Total investments	565,864	0
Total deposits and investments	580,969	560,216

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

Investments: The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name.

**VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and December 31, 2004 follows:

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$83,202	\$141,233	\$58,031
Special Revenue	119,619	126,485	6,866
Capital Projects	61,506	61,886	380
Enterprise	306,648	306,648	0
Total	<u>\$570,975</u>	<u>\$636,252</u>	<u>\$65,277</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$176,621	\$101,435	\$75,186
Special Revenue	257,628	98,740	158,888
Capital Projects	152,678	117,219	35,459
Enterprise	465,352	302,048	163,304
Total	<u>\$1,052,279</u>	<u>\$619,442</u>	<u>\$432,837</u>

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$72,298	\$75,880	\$3,582
Special Revenue	99,885	126,762	26,877
Enterprise	282,012	263,309	(18,703)
Total	<u>\$454,195</u>	<u>\$465,951</u>	<u>\$11,756</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$157,638	\$80,912	\$76,726
Special Revenue	228,115	72,601	155,514
Enterprise	546,192	319,010	227,182
Total	<u>\$931,945</u>	<u>\$472,523</u>	<u>\$459,422</u>

**VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which Village Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

5. DEBT

Debt outstanding at December 31, 2005 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan	\$48,700	0.00%
Farmers Home Administration Loan	727,000	4.50%
Total	<u>\$775,700</u>	

The Ohio Public Works Commission (OPWC) loan relates to a sewer line installation project for the Village. The loan is to be repaid in semiannual installments of \$2,435, over twenty years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover debt service requirements.

In 1997, the Village entered into a loan agreement with Farmers Home Administration. The loan was used for a water and sewer line to bring water from the City of Salem to the Village of Washingtonville. The loan will be repaid in annual installments over twenty years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover debt service requirements.

**VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

5. DEBT (Continued)

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

Year ending December 31:	<u>OPWC Loan</u>	<u>FHA Loan</u>
2006	\$4,870	\$43,715
2007	4,870	43,220
2008	4,870	43,725
2009	4,870	43,185
2010	4,870	43,645
Subsequent	24,350	1,384,850
Total	<u>\$48,700</u>	<u>\$1,602,340</u>

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, OP&F participants contributed 10% of their wages. For 2005 and 2004, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2005 and 2004, OPERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2005.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Wrongful acts
- Inland marine, and
- Crime

The Village also provides health insurance with dental and vision coverage to full-time employees through a private carrier.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Washingtonville
Columbiana County
100 School Street
Washingtonville, Ohio 44490

To the Village Council:

We have audited the financial statements of the Village of Washingtonville, Columbiana County (the Village) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 15, 2007, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Village's management dated June 15, 2007, we reported a matter involving internal control over financial reporting we did not deem a reportable condition.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Township's management, we reported a matter related to noncompliance we deemed immaterial.

Village of Washingtonville
Columbiana County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by Government Auditing Standards
Page 2

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

June 15, 2007



Mary Taylor, CPA
Auditor of State

VILLAGE OF WASHINGTONVILLE

COLUMBIANA 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
JULY 12, 2007**