

**VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY
Regular Audit
For the Years Ended December 31, 2011 and 2010**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Village Council
Village of Old Washington
P.O. Box 268
Old Washington, Ohio 43768

We have reviewed the *Independent Accountants' Report* of the Village of Old Washington, Guernsey County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' 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 Accountants' 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 Old 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

July 2, 2012

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VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

April 16, 2012

Village of Old Washington
Guernsey County
P.O. Box 268
Old Washington, OH 43768

To the Village Council:

We have audited the accompanying financial statements of the **Village of Old Washington**, Guernsey County, Ohio, (the Village) as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our 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. 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. 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, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2011 and 2010 or their 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 of the Village of Old Washington, Guernsey County, as of December 31, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1F, during 2011 the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2012, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.

**VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Local Taxes	\$ 13,728	\$ -	\$ -	\$ 13,728
Intergovernmental	14,895	17,548	-	32,443
Charges for Services	-	5,825	-	5,825
Earnings on Investments	190	708	-	898
Miscellaneous	15,067	330	-	15,397
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	43,880	24,411	-	68,291
Cash Disbursements:				
Current:				
Security of Persons and Property	5,845	-	-	5,845
Public Health Services	337	10,550	-	10,887
Leisure Time Activities	810	2,148	-	2,958
Basic Utility Service	532	-	-	532
Transportation	5,466	15,677	-	21,143
General Government	11,228	-	-	11,228
Capital Outlay	15,000	-	-	15,000
Debt Service:				
Redemption of Principal	429	4,938	-	5,367
Interest and Fiscal Charges	48	559	-	607
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	39,695	33,872	-	73,567
Total Cash Receipts Over/(Under) Disbursements	4,185	(9,461)	-	(5,276)
Other Financing Receipts:				
Other Sources	2,373	-	-	2,373
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts:	2,373	-	-	2,373
Net Change in Fund Cash Balances	6,558	(9,461)	-	(2,903)
Fund Cash Balances, January 1	65,083	29,459	24,050	118,592
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31:				
Nonspendable	-	-	24,050	24,050
Restricted	-	19,998	-	19,998
Unassigned	71,641	-	-	71,641
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$ 71,641	\$ 19,998	\$ 24,050	\$ 115,689

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

**VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Local Taxes	\$ 13,351	\$ -	\$ -	\$ 13,351
Intergovernmental	79,189	18,170	-	97,359
Charges for Services	-	10,050	-	10,050
Earnings on Investments	278	788	-	1,066
Miscellaneous	2,798	416	-	3,214
	<u>95,616</u>	<u>29,424</u>	<u>-</u>	<u>125,040</u>
Total Cash Receipts				
	<u>95,616</u>	<u>29,424</u>	<u>-</u>	<u>125,040</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	5,511	-	-	5,511
Public Health Services	39	6,981	-	7,020
Leisure Time Activities	-	1,826	-	1,826
Basic Utility Service	565	-	-	565
Transportation	961	12,600	-	13,561
General Government	34,132	-	-	34,132
Debt Service:				
Redemption of Principal	-	5,088	-	5,088
Interest and Fiscal Charges	-	886	-	886
	<u>41,208</u>	<u>27,381</u>	<u>-</u>	<u>68,589</u>
Total Cash Disbursements				
	<u>41,208</u>	<u>27,381</u>	<u>-</u>	<u>68,589</u>
Net Change in Fund Cash Balances	54,408	2,043	-	56,451
Fund Cash Balances, January 1 (Restated - See Note 2)	10,675	27,416	24,050	62,141
Fund Cash Balances, December 31	<u>\$ 65,083</u>	<u>\$ 29,459</u>	<u>\$ 24,050</u>	<u>\$ 118,592</u>

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

**VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Old Washington, Guernsey County, (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 six-member Council. The Village provides general governmental services, including road and bridge maintenance, street lighting, park operations (leisure time activities), cemetery maintenance, and fire protection services. The Village contracts with the Old Washington Volunteer Fire Department to provide fire 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. Deposits

The Village maintains all deposits in checking and savings accounts or in certificates of deposit.

D. Fund Accounting

The Village uses fund accounting to segregate cash and certificates of deposit 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.

**VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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 Village had the following significant Special Revenue Funds:

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

Cemetery Fund – This fund receives money from the selling of cemetery lots and the opening and closing of graves for general maintenance and operation of the cemetery.

Park and Recreation Fund – This fund receives donations for the general maintenance and operation of the Village's park.

Issue I Fund – This fund receives Issue I grant monies. The monies are being used for street improvements.

3. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Village's programs. The Village had the following significant permanent fund:

Cemetery Endowment Fund – This fund was created to invest principal and create interest revenue for the cemetery operating fund.

**VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control and appropriations may not exceed estimated resources. The 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.

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 commitments are made. The Village did not use the encumbrance method of accounting for 2010.

A summary of 2011 and 2010 budgetary activity appears in Note 4.

F. Fund Balance

For December 31, 2011, 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:

1. Nonspendable

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

2. 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.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends 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.

**VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

4. 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.

5. 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.

G. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. FUND CLASSIFICATION CHANGE

The Issue I Fund has been shown as a capital projects fund in prior years. These funds are not specific to a capital project and can be used for any street maintenance. The Village has reclassified the fund to a special revenue fund.

Fund Type	Balance 12/31/09	Change	Revised Fund Balance 1/1/10
Special Revenue	\$ 22,475	\$ 4,941	\$ 27,416
Capital Projects	\$ 4,941	\$ (4,941)	\$ -

**VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010
(Continued)**

3. EQUITY IN POOLED DEPOSITS

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

	2011	2010
Demand deposits	\$ 14,132	\$ 17,266
Certificates of deposit	25,000	25,000
Other time deposits (savings and NOW accounts)	76,557	76,326
Total deposits	\$ 115,689	\$ 118,592

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 44,682	\$ 46,253	\$ 1,571
Special Revenue	28,990	24,411	(4,579)
Total	\$ 73,672	\$ 70,664	\$ (3,008)

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 38,545	\$ 39,695	\$ (1,150)
Special Revenue	26,860	33,872	(7,012)
Total	\$ 65,405	\$ 73,567	\$ (8,162)

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 95,693	\$ 95,616	\$ (77)
Special Revenue	25,220	29,424	4,204
Total	\$ 120,913	\$ 125,040	\$ 4,127

**VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 27,745	\$ 41,208	\$ (13,463)
Special Revenue	27,970	27,381	589
Total	\$ 55,715	\$ 68,589	\$ (12,874)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General, Street, and Park funds by \$13,463, \$697, and \$71, respectively for the year ended December 31, 2010. Contrary to Ohio law, at December 31, 2010, the Park fund had a cash deficit balance of \$1,261. Also contrary to Ohio law, appropriations exceeded estimated resources in the Cemetery Operating and Park funds by \$968 and \$1,226, respectively for the year ended December 31, 2010.

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General, Street, Cemetery Operating, Park, and Issue I funds by \$1,150, \$1,510, \$3,255, \$393, and \$1,927, respectively for the year ended December 31, 2011. Contrary to Ohio law, at December 31, 2010, the Park fund had a cash deficit balance of \$3,079. Also contrary to Ohio law, appropriations exceeded estimated resources in the Park fund by \$2,621 for the year ended December 31, 2011.

5. DEBT

Debt outstanding as of December 31, 2011 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Kansas State Bank	\$5,662	5.5%

In 2005, the Village entered into a loan for a backhoe with Kansas State Bank to be used for Village business. The payments are made annually in the amount of \$5,974. The loan will mature December, 2012.

Amortization of the above debt is scheduled as follows:

<u>Year Ending</u>	<u>Interest Payment</u>	<u>Principal Payment</u>	<u>Total</u>
2012	\$ 312	\$ 5,662	\$ 5,974
Total	\$ 312	\$ 5,662	\$ 5,974

**VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010
(Continued)**

6. PROPERTY TAX

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

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.

7. RETIREMENT SYSTEMS

The Village's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multi-employer plan. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

Contribution rates are also prescribed by the Ohio Revised Code. For 2011 and 2010, members of OPERS contributed 10% of their gross salaries. The Village contributed an amount equal to 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2011.

8. RISK MANAGEMENT

Prior to 2009, the Village belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

**VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010
(Continued)**

8. RISK MANAGEMENT (Continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management (“OPRM”), are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Village participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Village does not participate in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

**VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010
(Continued)**

8. RISK MANAGEMENT (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2010 and 2009 (the latest information available), and include amounts for both OPRM and OPHC

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members' Equity	\$7,191,485	\$300,035	\$6,323,701	\$105,185

You can read the complete audited financial statements for OPRM and OPHC at the Plan's website, www.ohioplan.org.

9. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the state government. Any disallowed cost may require refunding to the grantor. The Ohio EMA and the Village are currently in dispute regarding a 2004 grant. The Village may be required to refund the grant plus interest and collection fees. No final resolution has been determined.

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

April 16, 2012

Village of Old Washington
Guernsey County
P.O. Box 268
Old Washington, OH 43768

To the Village Council:

We have audited the financial statements of the **Village of Old Washington**, Guernsey County, Ohio (the Village) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated April 16, 2012, 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, and which includes a reference to the implementation of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of audit 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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2011-001 and 2011-002 described in the accompanying schedule of audit findings to be material weaknesses.

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 or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2011-002 through 2011-005.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated April 16, 2012.

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

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

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2011 and 2010

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

FINDING NUMBER 2011-001

Material Weakness

Posting Receipts and Expenditures

Receipts and expenditures should be posted to the fund and line item accounts as established by Ohio Administrative Code Section 117-7-01.

During 2011 and 2010, several receipts and expenditures were not posted into accurate classifications based on the source of the receipt or expenditure. For example, various intergovernmental revenues were not posted into the correct receipt classification. In addition, expenditures for the debt payments were posted to the transportation function, not principal and interest and payroll related expenses were charged to the transportation function rather than the general government function. This resulted in several adjustments and reclassification entries being made to the financial statements. The accompanying financial statements include all adjustments and reclassifications.

We recommend the Fiscal Officer refer to Ohio Administrative Code Section 117-7-01 and/or the Ohio Village Officer's Handbook for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures. If a transaction is unusual, we recommend the Fiscal Officer contact the Auditor of State, Local Government Services to find out how to account for the transaction.

In addition, we recommend Council establish procedures to review all expenditures for proper coding, which may include having the account number and description included on the Voucher sheet and having Council sign off on the Voucher. In addition, Council should review and sign off on the bank reconciliation monthly to make sure the Village records agree to the bank statement.

Management's Response – Since implementation of UAN, various additional reports will be presented to Council including the cash journal. Council will also establish an Audit Committee, comprised of Council members, to review expenses along with the bank statements and reconciliations.

VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2011 and 2010

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

FINDING NUMBER 2011-002

Material Weakness/Noncompliance Citation

Ohio Rev. Code Sections 5705.14, 5705.15, and 5705.16 state in part that money may be transferred from the General Fund to any other fund of the subdivision by resolution of the taxing authority. Except in the case of transfers from the general fund, transfers can be made only by resolution of the taxing authority passed with affirmative vote of two-thirds of the members and with the approval of the Tax Commissioner and the Court of Common Pleas. Transfers from the general fund require a resolution of the taxing authority passed with affirmative vote of a majority of the members.

In 2010, the Village transferred \$1,000 from the General Fund to the Park Fund without the proper resolutions of the Council. The Village has agreed to, and has recorded an audit adjustment to reverse this transfer and correct the fund balances.

We recommend the Village pass the required resolutions for all transfers, and include this in the minutes of the Council meetings. Transfers are to be included in the budget and should be listed on the information given to Council monthly.

Management's Response – Fund transfers will be within Ohio Revised Code, council will pass a resolution for all transfers signed by council and approved by council to be included in the minutes.

FINDING NUMBER 2011-003

Noncompliance Citation

Ohio Rev. Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated resources from each fund. This section also requires the Village to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

During 2010, total appropriations exceeded total estimated resources in the Cemetery Operating and Park funds by \$968 and \$1,226, respectively. During 2011, total appropriations exceeded total estimated resources in the Park fund by \$2,621. In addition, for 2011 the Village received a certification from the County Auditor that appropriations DO EXCEED estimated resources. No action was taken by the Fiscal Officer or Council.

The Village should obtain a certificate from the County Auditor stating that the total appropriations do not exceed the total estimated resources. If the Village is informed the appropriations do exceed estimated resources some action should be taken to revise estimated resource and/or appropriations.

Management's Response – A resolution will be passed to correct this problem when it happens in the future.

VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2011 and 2010

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

FINDING NUMBER 2011-004

Noncompliance Citation

Ohio Revised Code Section 5705.41(B) states, in part, that no subdivision or taxing unit is to expend money unless it has been appropriated.

In 2010, expenditures exceeded appropriations in the General, Street Construction Maintenance and Repair, and Park funds by \$13,463, \$697, and \$71, respectively. In 2011, expenditures exceeded appropriations in the General, Street Construction Maintenance and Repair, Cemetery Operating, Park, and Issue I funds by \$1,150, \$1,510, \$3,255, \$393 and \$1,927, respectively.

We recommend the Village monitor the budgetary process more closely and modify the appropriation measure with the County Budget Commission as necessary.

Management's Response – The new Audit Committee will be able to monitor this process. Reports will be provided to Council each month for review.

FINDING NUMBER 2011-005

Noncompliance Citation

Ohio Rev. Code § 5705.10(H) indicates money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another fund. The Park fund had negative cash balances in both 2010 and 2011. Although it may be presumed the general fund covered these expenses, it cannot be determined as such since most funds of the Village are pooled.

We recommend the Village transfer funds to cover the negative fund balance. This transfer should be done in accordance with Ohio Rev. Code § 5705.14(E) or OAG Opinion 89-075 which requires a governing board resolution passed by a simple majority of the board members to transfer funds. The Auditor of State interprets this requirement to mean that a governing board may approve interfund transfers from the general fund to other funds of the subdivision within its annual appropriation measure provided that the measure was passed by a simple majority of the board members.

Management's Response – A resolution will be passed to transfer funds needed.

**VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 and 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Transactions should be posted in accordance with OAC Section 117-7-01	No	Reissued as finding number 2011-001.
2009-002	Transactions should be posted in accordance with OAC Section 117-7-01	No	Reissued as finding number 2011-002.
2009-003	Various violations of budgetary law including Ohio Rev. Code Section 5705.36, 5705.38, 5705.39, 5705.41(B), and 5705.41(D).	No	Partially correct, modified and reissued as 2011-003 and 2011-004.
2009-004	Inadequate financial accounting system.	Yes	
2009-005	Ohio Rev. Code Section 5747.07(B) failure to remit state payroll taxes withheld.	Yes	
2009-006	26 U.S.C. states that employers are liable for the payment of the taxes deducted and withheld.	Yes	
2009-007	Rule 145-1-127 requires payment of retirement system member and employer contributions.	Yes	



Dave Yost • Auditor of State

VILLAGE OF OLD WASHINGTON

GUERNSEY 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 17, 2012