

**VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY, OHIO**

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2011 and 2010

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Dave Yost • Auditor of State

Village Council
Village of Washingtonville
PO Box 307
Washingtonville, Ohio 44490

We have reviewed the *Independent Accountants' Report* of the Village of Washingtonville, Columbiana County, prepared by Charles E. Harris & Associates, Inc., 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 Washingtonville is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

December 13, 2012

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**VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY, OHIO
For the Years Ended December 31, 2011 and 2010**

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT

Village of Washingtonville
Columbiana County
PO Box 307
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, 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.

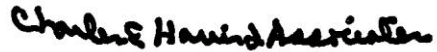
Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the 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 its changes in financial position or cash flows 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 as of December 31, 2011 and 2010 of the Village of Washingtonville, Columbiana County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Village of Washingtonville, Columbiana County 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 July 30, 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.

A handwritten signature in black ink that reads "Charles E. Harris" followed by "Associates" in a smaller, less legible script.

CHARLES E. HARRIS & ASSOCIATES, INC.

July 30, 2012

**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, 2011**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Property and Other Local Taxes	\$20,898	\$81,962	-	\$102,860
Intergovernmental	25,063	44,199	-	69,262
Fines, Licenses and Permits	47,473	-	-	47,473
Earnings on Investments	391	151	-	542
Miscellaneous	711	630	-	1,341
<i>Total Cash Receipts</i>	<u>94,536</u>	<u>126,942</u>	<u>-</u>	<u>221,478</u>
Cash Disbursements				
Current:				
Security of Persons and Property	33,739	74,526	-	108,265
Public Health Services	552	-	-	552
Transportation	-	35,469	-	35,469
General Government	50,073	-	-	50,073
Capital Outlay	13,312	20,642	\$4,914	38,868
<i>Total Cash Disbursements</i>	<u>97,676</u>	<u>130,637</u>	<u>4,914</u>	<u>233,227</u>
<i>Net Change in Fund Cash Balances</i>	(3,140)	(3,695)	(4,914)	(11,749)
<i>Fund Cash Balances, January 1</i>	<u>79,628</u>	<u>288,559</u>	<u>8,491</u>	<u>376,678</u>
Fund Cash Balances, December 31				
Restricted	-	284,864	3,577	288,441
Unassigned (Deficit)	76,488	-	-	76,488
<i>Fund Cash Balances, December 31</i>	<u><u>\$76,488</u></u>	<u><u>\$284,864</u></u>	<u><u>\$3,577</u></u>	<u><u>\$364,929</u></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 CASH FUND BALANCES
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$354,116	-	\$354,116
Fines, Licenses and Permits	-	\$58,930	58,930
<i>Total Operating Cash Receipts</i>	<u>354,116</u>	<u>58,930</u>	<u>413,046</u>
Operating Cash Disbursements			
Personal Services	74,238	-	74,238
Employee Fringe Benefits	39,959	-	39,959
Contractual Services	111,622	414	112,036
Supplies and Materials	21,803	908	22,711
Other	-	55,942	55,942
<i>Total Operating Cash Disbursements</i>	<u>247,622</u>	<u>57,264</u>	<u>304,886</u>
<i>Operating Income (Loss)</i>	<u>106,494</u>	<u>1,666</u>	<u>108,160</u>
Non-Operating Receipts (Disbursements)			
Miscellaneous Receipts	2,171	-	2,171
Capital Outlay	(23,091)	-	(23,091)
Principal Retirement	(17,870)	-	(17,870)
Interest and Other Fiscal Charges	(30,060)	-	(30,060)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(68,850)</u>	<u>-</u>	<u>(68,850)</u>
<i>Net Change in Fund Cash Balances</i>	37,644	1,666	39,310
<i>Fund Cash Balances, January 1</i>	<u>251,652</u>	<u>4,496</u>	<u>256,148</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$289,296</u></u>	<u><u>\$6,162</u></u>	<u><u>\$295,458</u></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, 2010**

	Governmental Fund Types			Total Memorandum Only
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Other Local Taxes	\$ 21,333	\$ 86,091	-	\$ 107,424
Intergovernmental	25,762	45,056	-	70,818
Fines, Licenses & Permits	34,077	-	-	34,077
Earnings on Investments	430	152	-	582
Miscellaneous	501	1,446	-	1,947
Total Cash Receipts	82,103	132,745	-	214,848
Cash Disbursements:				
Current:				
Security of Persons & Property	38,281	98,768	-	137,049
Public Health Services	597	-	-	597
Transportation	-	14,703	-	14,703
General Government	55,094	-	-	55,094
Capital Outlay	24,415	8,435	-	32,850
Total Cash Disbursements	118,387	121,906	-	240,293
Total Receipts Over/(Under) Disbursements	(36,284)	10,839	-	(25,445)
Other Financing Sources/(Uses):				
Advances-In	15,000	10,000	-	25,000
Advances Out	(10,000)	-	-	(10,000)
Total Other Financing Sources/(Uses)	5,000	10,000	-	15,000
Excess of Cash Receipts and Other Financing Sources Over / (Under) Cash Disbursements and Other Financing Uses	(31,284)	20,839	-	(10,445)
Fund Cash Balance, January 1	110,912	267,720	8,491	387,123
Fund Cash Balance, December 31	\$ 79,628	\$ 288,559	\$ 8,491	\$ 376,678

See accompanying Notes to the Financial Statements.

**VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY**

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

	Proprietary Fund Types Enterprise Fund	Fiduciary Fund Types Agency Fund	Total
Operating Cash Receipts:			
Charges for Services	\$ 326,116	-	\$ 326,116
Fines, Licenses and Permits	-	\$ 37,320	37,320
 Total Operating Cash Receipts	326,116	37,320	363,436
Operating Cash Disbursements:			
Personal Services	68,745	-	68,745
Employee Fringe Benefits	41,428	-	41,428
Contractual Services	125,679	420	126,099
Supplies & Materials	31,106	1,133	32,239
Other	-	39,089	39,089
 Total Operating Cash Disbursements	266,958	40,642	307,600
 Operating Income/(Loss)	59,158	(3,322)	55,836
Non-Operating Cash Receipts/(Disbursements):			
Capital Outlay	(26,134)	(2,500)	(28,634)
Redemption of Principal	(15,435)	-	(15,435)
Interest and Other Fiscal Charges	(30,645)	-	(30,645)
Miscellaneous	1,508	-	1,508
 Total Non-Operating Cash Receipts/(Disbursements):	(70,706)	(2,500)	(73,206)
 Excess of Receipts Over Disbursements Before Transfers/Advances	(11,548)	(5,822)	(17,370)
Advances-Out	(15,000)	-	(15,000)
 Net Receipts Over Disbursements	(26,548)	(5,822)	(32,370)
 Fund Cash Balance, January 1	278,200	10,318	288,518
 Fund Cash Balance, December 31	\$ 251,652	\$ 4,496	\$ 256,148

See accompanying Notes to the Financial Statements.

**VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY, OHIO**

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

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Village of Washingtonville, (the Village) is a body corporate and politic established for the purpose of exercising 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 government, water and sewer utilities, street repair and maintenance and police services. The Village contracts with the Village of Leetonia for fire protection.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Accounting Basis

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 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 maintains cash in an interest-bearing checking account.

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 Village had the following significant Special Revenue Funds:

VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY, OHIO

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

1. **Summary of Significant Accounting Policies (continued)**

2. **Special Revenue Funds (continued)**

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

Police Fund – This fund receives property tax monies received solely to provide police protection services for village residents

3. **Capital Project 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 Project fund:

Building Fund – This fund receives grant monies 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.

Sewer Capital Fund - This fund receives a portion of sewer charges for services. This money is used to repay a USDA loan used to finance improvements to the Village sewage system.

5. **Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

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 governments. The Village's agency fund accounts for fines and court costs collected in the Mayor's court.

VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY, OHIO

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 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. Appropriations lapse at year end.

2. **Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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 carried over, and need not be reappropriated.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

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.

VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY, OHIO

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

1. **Summary of Significant Accounting Policies (continued)**

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.

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

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. 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 Deposits and Investments**

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

**VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY, OHIO**

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

2. Equity in Pooled Deposits and Investments (continued)

	2011	2010
Demand deposits	\$ 660,387	\$ 632,826

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

3. Budgetary Activity

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

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 76,175	\$ 94,536	\$ 18,361
Special Revenue	126,942	126,942	0
Capital Projects	0	0	0
Enterprise	356,286	356,287	1
Total	\$ 559,403	\$ 577,765	\$ 18,362

2011 Budgeted vs. Actual Budgetary Basis Disbursements

Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 155,000	\$ 97,676	\$ 57,324
Special Revenue	315,354	130,637	188,717
Capital Projects	8,400	4,914	3,486
Enterprise	541,165	318,643	222,522
Total	\$ 1,019,919	\$ 551,870	\$ 468,049

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 77,436	\$ 97,103	\$ 19,667
Special Revenue	131,193	142,745	11,552
Capital Projects	0	0	0
Enterprise	310,694	327,624	16,930
Total	\$ 519,323	\$ 567,472	\$ 48,149

**VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY, OHIO**

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

3. Budgetary Activity (continued)

2010 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 184,010	\$ 128,387	\$ 55,623
Special Revenue	311,800	121,906	189,894
Capital Projects	8,400	0	0
Enterprise	519,740	354,172	165,568
Total	\$ 1,023,950	\$ 604,465	\$ 419,485

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the 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, 2011 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$ 21,915	0.0%
Farmers Home Administration Loan	655,000	4.50%
Total	\$ 676,915	

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 forty 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, OHIO**

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

6. Debt (continued)

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

Year ending December 31:	OPWC Issue II Loan	FHA Loan
2012	\$ 4,870	\$ 43,475
2013	4,870	42,845
2014	4,870	43,215
2015	4,870	43,540
2016	2,435	42,820
2017-2021		217,400
2022-2026		215,225
2027-2031		216,425
2032-2036		216,560
2037		42,845
Total	\$ <u>21,915</u>	\$ <u>1,124,350</u>

7. Retirement Systems

The Village's part-time police officers and other employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates are 10% for local employees for both years and 11.1% and 11.6% for law enforcement for 2010 and 2011, respectively. For local government employer units the rate was 14% in 2010 and 2011 of covered payroll. The Village is required to contribute 17.87% in 2010 and 18.1% in 2011 for law enforcement employees. The Village has paid all contributions required through December 31, 2011.

8. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Public officials' liability
- Vehicles
- Errors and omissions
- Commercial inland marine
- Employer's liability
- Employee benefits liability
- Crime

VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY, OHIO

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

8. Risk Management (continued)

Settled claims have not exceeded commercial coverage in any of the past three years. Also, the Village did not reduce the limits of liability significantly in the current period.

The Village pays the State Workers' Compensation System ("System") a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

9. Contingent Liabilities

Management believes there are no material pending claims or lawsuits.

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Charles E. Harris & Associates, Inc.
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**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Washingtonville
Columbiana County
PO Box 307
Washingtonville, Ohio 44490

To the Village Council:

We have audited the financial statements of the Village of Washingtonville (the Village) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated July 30, 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. For the year ended December 31, 2011, we noted the Village implemented Governmental Accounting Standard 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 opinions 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 30, 2012.

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

Charles Harris Associates

CHARLES E. HARRIS & ASSOCIATES, INC.

July 30, 2012

**VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY, OHIO
For the Years Ending December 31, 2011 and 2010**

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2009-001	ORC 5705.41(D) Lack of certifying funds when placing orders. Purchase orders dated after invoices.	No	Partially corrected; included in the Management Letter
2009-002	ORC 5705.39 Total appropriations exceeding total estimated resources.	Yes	Finding no longer valid

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Dave Yost • 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
DECEMBER 20, 2012