

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY, OHIO**

Financial Statements
(Audited)

For the Year Ended
December 31, 2017



Dave Yost • Auditor of State

Village Council
Village of New Washington
119 E. Mansfield Street
P.O. Box 217
New Washington, Ohio 44854

We have reviewed the *Independent Auditors' Report* of the Village of New Washington, Crawford County, prepared by Julian & Grube, Inc., for the audit period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of New Washington is responsible for compliance with these laws and regulations.

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Dave Yost
Auditor of State

April 19, 2018

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**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY**

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Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

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

To the Members of Council and Mayor:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of the Village of New Washington, Crawford County, Ohio, as of and for the year ended December 31, 2017.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village of New Washington does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of New Washington as of December 31, 2017, and the respective changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of New Washington, Crawford County, Ohio, as of December 31, 2017, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2018, on our consideration of the Village of New Washington's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of New Washington's internal control over financial reporting and compliance.



Julian & Grube, Inc.
February 28, 2018

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS) - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Governmental Fund Types</u>			Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash receipts:				
Property and other taxes	\$ 36,648	\$ 38,869	\$ -	\$ 75,517
Municipal income tax	368,981	-	-	368,981
Intergovernmental	32,685	37,976	-	70,661
Special assessments	-	5,410	-	5,410
Charges for services	15,857	20,605	-	36,462
Fines, licenses and permits	13,525	-	-	13,525
Earnings on Investments	1,270	811	15	2,096
Miscellaneous	2,299	-	-	2,299
Total cash receipts	<u>471,265</u>	<u>103,671</u>	<u>15</u>	<u>574,951</u>
Cash disbursements:				
Current:				
Security of persons and property	204,968	49,151	-	254,119
Public health services	7,111	-	-	7,111
Leisure time activities	41,582	-	-	41,582
Community environment	685	-	-	685
Transportation	-	125,830	-	125,830
General government	154,487	-	-	154,487
Capital outlay	-	-	23,196	23,196
Total cash disbursements	<u>408,833</u>	<u>174,981</u>	<u>23,196</u>	<u>607,010</u>
Total cash receipts over/(under) cash disbursements	<u>62,432</u>	<u>(71,310)</u>	<u>(23,181)</u>	<u>(32,059)</u>
Other financing receipts (disbursements):				
Operating transfers in	-	51,300	-	51,300
Operating transfers out	<u>(51,300)</u>	<u>-</u>	<u>-</u>	<u>(51,300)</u>
Total other financing receipts (disbursements)	<u>(51,300)</u>	<u>51,300</u>	<u>-</u>	<u>-</u>
Net change in fund cash balances	11,132	(20,010)	(23,181)	(32,059)
Fund cash balances, January 1, 2017	<u>237,718</u>	<u>404,233</u>	<u>27,583</u>	<u>669,534</u>
Fund cash balances, December 31, 2017				
Nonspendable	-	-	-	-
Restricted	-	384,223	4,402	388,625
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	248,850	-	-	248,850
Fund cash balances, December 31, 2017	<u>\$ 248,850</u>	<u>\$ 384,223</u>	<u>\$ 4,402</u>	<u>\$ 637,475</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
BALANCES (CASH BASIS) - PROPRIETARY AND FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2017

	Proprietary Fund Type	Fiduciary Fund Type
	Enterprise	Agency
Operating cash receipts:		
Charges for services	\$ 295,481	\$ -
Miscellaneous	-	209,946
Total operating cash receipts	295,481	209,946
Operating cash disbursements:		
Personal services	16,200	-
Fringe benefits	2,503	-
Contractual services	25,501	-
Supplies and materials	19,492	-
Other	-	209,946
Total operating cash disbursements	63,696	209,946
Operating income/(loss)	231,785	-
Nonoperating cash receipts/(disbursements):		
Earnings on Investments	755	-
Debt service:		
Principal	(50,200)	-
Interest	(106,595)	-
Total nonoperating cash receipts/(disbursements)	(156,040)	-
Net income/(loss)	75,745	-
Fund cash balances, January 1, 2017	674,931	-
Fund cash balances, December 31, 2017	\$ 750,676	\$ -

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - REPORTING ENTITY

The Village of New Washington, Crawford County, Ohio, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Village is directed by a publicly-elected Mayor, Clerk, and six-member Council. The Village provides the following services: security of persons and property, public health services, leisure time activities, community environment, basic utility services, road repair and maintenance, and general governmental services. The Village contracts with Northern Ohio Rural Water to receive basic utility services and Cranberry Township to receive fire protection services and emergency medical services.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

B. Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Fire Fund - This fund receives property tax revenue money used to provide firefighting assistance to the Village citizens.

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

Fire/Ambulance Fund - This fund receives levy money to provide first responder and fire services to the Village citizens.

Ambulance Fund - This fund was initially funded with a levy which has not been renewed. The fund is used to purchase and/or maintain the Village's ambulance and to purchase supplies for the ambulance.

Capital Improvement Fund - This fund is used to account for resources restricted for capital improvements. The proceeds in this fund originated from the sale of the Village's water system to Northern Ohio Rural Water.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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

Storm Sewer - This fund receives charges for services from residents to cover the cost of maintaining the storm sewer.

Wastewater Capital Improvement - This fund receives charges for services from residents to cover the cost of maintaining the wastewater treatment facility.

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 government. The Village's agency fund retains insurance payments on derelict buildings within the village until the property has been remedied.

C. Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

D. Budgetary Process

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

Appropriations - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and subsequent amendments. Unencumbered appropriations lapse at year-end.

Estimated Resources - Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources and amendments.

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

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

A summary of 2017 budgetary activity appears in Note 3.

E. 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 and receipts or disbursements, respectively. The Village values certificates of deposit at cost.

F. Capital Assets

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.

H. Fund Balance

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

Non-spendable - The Village classifies assets as non-spendable when legally or contractually required to maintain the amounts intact.

Restricted - Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments: or is imposed by law through constitutional provisions.

Committed - 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.

Assigned - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 3 - BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2017 was as follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$398,923	\$471,265	\$72,342
Special Revenue	155,453	154,971	(482)
Capital Projects	22	15	(7)
Proprietary	263,691	296,235	32,544
Total	\$818,089	\$922,486	\$104,397

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$636,641	\$460,133	\$176,508
Special Revenue	559,686	174,981	384,705
Capital Projects	27,605	23,196	4,409
Proprietary	778,063	220,491	557,572
Total	\$2,001,995	\$878,801	\$1,123,194

NOTE 4 - 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, 2017 was as follows:

	2017
Demand deposits	\$538,158
Certificates of deposit	849,993
Total deposits	\$ 1,388,151

Deposits

All deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

Investments

The Village utilizes Certificates of Deposit for investments.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 5 - TAX

Property Tax

Real property taxes become a lien on January 1, proceeding the October 1 date for which rates are adopted by the Village Council. The State Council of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by February 10. If the property owner elects to make semiannual payments, the first half is due February 10. The second half payment is due the following June 20.

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

Local Income Tax

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

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

NOTE 6 - RISK MANAGEMENT

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Buildings and contents
- Vehicles
- Inland marine
- Public officials' liability

The Village also provides health insurance to full-time employees through a private carrier.

NOTE 7 - DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

Most of the Village 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 also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of the participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)

Full-time Police Officers are excluded from contributing to OPERS. They contribute to Ohio Police and Fire Retirement System.

Ohio Police and Fire Retirement System

The Village’s full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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 also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members’ wages. The Village has paid all contributions required through December 31, 2017.

Social Security

Some of the Village’s elected officials contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants’ gross salaries. The Village has paid all contributions required through December 31, 2017.

NOTE 8 - POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 1% of the employer contribution to fund these benefits, and OP&F contributes 0.5% to fund these benefits.

NOTE 9 - DEBT

Debt outstanding as of December 31, 2017 was as follows:

	Principal	Interest Rate
USDA Series A	\$1,979,100	4.88%
USDA Series B	\$161,500	4.75%
Total	\$2,140,600	

During 2000, the Village entered into two loan agreements with the United States Department of Agriculture, Rural Development, also known as USDA. These loan funds were used to pay off the interim financing for the completed sewer system project. These loans are Sanitary Sewer System Mortgage Revenue Bonds. The loan amounts were for \$2,487,000, with a fixed interest rate of 4.88%, and \$204,000, with a fixed interest rate of 4.75%. These loans require payments over 40 years through 2040. As of December 31, 2017, the Village had outstanding balances on the loans of \$1,979,100.00 and \$161,500.00, respectively. Total interest expense incurred was \$106,594.75 for 2017.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 9 - DEBT - (Continued)

Amortization

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

Year Ending <u>December 31,</u>	USDA <u>Series A</u>	USDA <u>Series B</u>
2018	\$ 144,981	\$ 11,671
2019	145,017	11,681
2020	145,035	11,682
2021	144,932	11,673
2022	145,007	11,754
2023 - 2027	725,015	58,481
2028 - 2032	725,048	58,399
2033 - 2037	724,978	58,517
2038 - 2040	<u>435,005</u>	<u>35,088</u>
Total	<u>\$ 3,335,018</u>	<u>\$ 268,946</u>

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Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Required by *Government Auditing Standards***

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

To the Members of Council and Mayor:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of the Village of New Washington, Crawford County, Ohio, as of and for the year ended December 31, 2017 and the related notes to the financial statements and have issued our report thereon dated February 28, 2018, wherein we noted the Village of New Washington followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village of New Washington's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified weaknesses may exist.

Members of Council and Mayor
Village of New Washington

Compliance and Other Matters

As part of reasonably assuring whether the Village of New Washington'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 statements amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
February 28, 2018



Dave Yost • Auditor of State

VILLAGE OF NEW WASHINGTON

CRAWFORD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 10, 2018**