

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Village of New Washington, Crawford County, prepared by Holbrook & Manter, for the audit period January 1, 2006 through December 31, 2007. 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 Auditors' 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 Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 18, 2008

This Page is Intentionally Left Blank.

TABLE OF CONTENTS

	PAGE
Independent Auditors' Report	3-4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2007	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2007	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2006	7
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2006	8
Notes to the Financial Statements	9-16
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17-18
Schedule of Findings.....	19-20
Schedule of Prior Year Audit Findings	21



INDEPENDENT AUDITORS' REPORT

Village Council
Village of New Washington
Crawford County

We have audited the accompanying financial statements of the Village of New Washington, Crawford County, Ohio, (the Village) as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to 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 that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State of Ohio prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

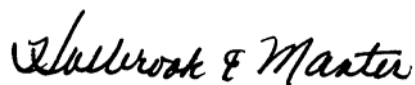
Instead of the combined funds the accompanying financial statements present for 2007 and 2006, GAAP requires presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require, governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State of Ohio permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 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, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of New Washington, Crawford County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The Government has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2008 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Certified Public Accountants

June 9, 2008

VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 2007

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
CASH RECEIPTS:-			
Property and other local taxes	\$ 38,092	\$ 47,985	\$ 86,077
Municipal income taxes	335,796	0	335,796
Intergovernmental	70,499	38,843	109,342
Special assessments	0	5,235	5,235
Charges for services	100	25,953	26,053
Fines, licenses and permits	7,329	0	7,329
Earnings on investments	12,366	63	12,429
Miscellaneous	41,063	0	41,063
	505,245	118,079	623,324
Total cash receipts	505,245	118,079	623,324
CASH DISBURSEMENTS:-			
Current:-			
Security of persons and property	171,285	22,952	194,237
Public health service	4,348	0	4,348
Leisure time activities	50,850	0	50,850
Community environment	763	0	763
Transportation	0	117,565	117,565
General government	164,087	0	164,087
	391,333	140,517	531,850
Total cash disbursements	391,333	140,517	531,850
Total receipts over (under) cash disbursements	113,912	(22,438)	91,474
OTHER FINANCING RECEIPTS (DISBURSEMENTS):-			
Transfers - in	0	65,000	65,000
Transfers - out	(101,000)	0	(101,000)
Advances- in	30,000	0	30,000
Advances- out	(30,000)	0	(30,000)
	(101,000)	65,000	(36,000)
Total other financing receipts (disbursements)	(101,000)	65,000	(36,000)
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	12,912	42,562	55,474
Fund cash balances, January 1, 2007	250,168	128,606	378,774
Fund cash balances, December 31, 2007	\$ 263,080	\$ 171,168	\$ 434,248
Reserve for encumbrances, December 31, 2007	\$ 0	\$ 0	\$ 0

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

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY**
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - PROPRIETARY AND FIDUCIARY FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Private Purpose</u>	
OPERATING CASH RECEIPTS:-			
Charges for services	\$ 505,533	\$ 0	\$ 505,533
Earnings on investments	0	506	506
Total operating cash receipts	505,533	506	506,039
OPERATING CASH DISBURSEMENTS:-			
Current:-			
Personal services	94,650	0	94,650
Employee fringe benefits	22,149	0	22,149
Contractual services	104,760	0	104,760
Supplies and materials	64,368	0	64,368
Other	500	0	500
Total operating cash disbursements	286,427	0	286,427
Net operating receipts (disbursements)	219,106	506	219,612
NON-OPERATING CASH RECEIPTS (DISBURSEMENTS):-			
Capital Outlay	(8,600)	0	(8,600)
Miscellaneous	119	0	119
Redemption of principal	(59,822)	0	(59,822)
Interest and other fiscal charges	(134,892)	0	(134,892)
Total non-operating cash receipts (disbursements)	(203,195)	0	(203,195)
Excess of receipts over (under) disbursements before interfund transfers	15,911	506	16,417
Transfers- in	36,000	0	36,000
Advances- in	30,000	0	30,000
Advances- out	(30,000)	0	(30,000)
Net receipts over (under) disbursements	51,911	506	52,417
Fund cash balances, January 1, 2007	269,765	11,156	280,921
Fund cash balances, December 31, 2007	<u>\$ 321,676</u>	<u>\$ 11,662</u>	<u>\$ 333,338</u>
Reserve for encumbrances, December 31, 2007	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
 FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
 FOR THE YEAR ENDED DECEMBER 31, 2006

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
CASH RECEIPTS:-			
Property and other local taxes	\$ 35,041	\$ 50,780	\$ 85,821
Municipal income taxes	316,182	0	316,182
Intergovernmental	76,361	39,608	115,969
Special assessments	0	5,105	5,105
Charges for services	0	7,562	7,562
Fines, licenses and permits	4,957	0	4,957
Earnings on investments	11,684	117	11,801
Miscellaneous	6,357	0	6,357
Total cash receipts	450,582	103,172	553,754
CASH DISBURSEMENTS:-			
Current:-			
Security of persons and property	165,521	105,482	271,003
Public health service	4,130	0	4,130
Leisure time activities	21,454	0	21,454
Community environment	762	0	762
Transportation	0	100,413	100,413
General government	142,141	0	142,141
Total cash disbursements	334,008	205,895	539,903
Total receipts over (under) cash disbursements	116,574	(102,723)	13,851
OTHER FINANCING RECEIPTS (DISBURSEMENTS):-			
Transfers - in	0	59,000	59,000
Transfers - out	(95,833)	0	(95,833)
Other financing sources	0	22,125	22,125
Total other financing receipts (disbursements)	(95,833)	81,125	(14,708)
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	20,741	(21,598)	(857)
Fund cash balances, January 1, 2006	229,427	150,204	379,631
Fund cash balances, December 31, 2006	\$ 250,168	\$ 128,606	\$ 378,774
Reserve for encumbrances, December 31, 2006	\$ 3,573	\$ 0	\$ 3,573

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

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY**
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - PROPRIETARY AND FIDUCIARY FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Private Purpose</u>	
OPERATING CASH RECEIPTS:-			
Charges for services	\$ 419,808	\$ 0	\$ 419,808
Earnings on investments	15	428	443
Total operating cash receipts	419,823	428	420,251
OPERATING CASH DISBURSEMENTS:-			
Current:			
Personal services	90,958	0	90,958
Employee fringe benefits	22,414	0	22,414
Contractual services	65,625	0	65,625
Supplies and materials	65,480	0	65,480
Total operating cash disbursements	244,477	0	244,477
Net operating receipts (disbursements)	175,346	428	175,774
NON-OPERATING CASH RECEIPTS (DISBURSEMENTS):-			
Capital outlay	(11,180)	0	(11,180)
Miscellaneous	448	0	448
Redemption of principal	(28,172)	0	(28,172)
Interest and other fiscal charges	(166,487)	0	(166,487)
Total non-operating cash receipts (disbursements)	(205,391)	0	(205,391)
Excess of receipts over (under) disbursements before interfund transfers	(30,045)	428	(29,617)
Transfers- in	36,833	0	36,833
Net receipts over (under) disbursements	6,788	428	7,216
Fund cash balances, January 1, 2006	262,977	10,728	273,705
Fund cash balances, December 31, 2006	<u>\$ 269,765</u>	<u>\$ 11,156</u>	<u>\$ 280,921</u>
Reserve for encumbrances, December 31, 2006	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

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

The Village is directed by a publicly-elected Mayor, Clerk, and six-member Council. The Village provides the following services: security of persons and property, public health services, leisure time activities, community environment, basic utility services, road repair and maintenance, and general governmental services.

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

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

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

Cash and Investments - The Village maintains its cash deposits in an interest-bearing checking account. The Village's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. The Village reports gains or losses at the time of sale as receipts or disbursements, respectively. The Village values certificates of deposit at cost.

Fund Accounting - The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Funds

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

Fire Fund

This fund receives property tax revenue money used to provide fire fighting assistance to the Village citizens.

Street Construction, Maintenance and Repair Fund

This fund receives gasoline tax, motor vehicle tax money and municipal income taxes for constructing, maintaining and repairing Village streets.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 1 - 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:

Water Fund

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

Sewer Fund

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

Permanent Fund

Beginning in 2006, this fund accounts for resources restricted by legally binding trust agreements to the extent that only earnings, no principal, are available to support the Village's programs. The Village had the following significant permanent fund:

Cummins Trust – (Private Purpose Trust)

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

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

Appropriations

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

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

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

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.

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

NOTE 2 - EQUITY IN POOLED CASH AND INVESTMENTS:-

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

	<u>2007</u>	<u>2006</u>
Demand deposits	\$ 437,409	\$ 477,745
Certificates of deposit	<u>330,177</u>	<u>181,950</u>
Total deposits	<u>\$ 767,586</u>	<u>\$ 659,695</u>

Demand Deposits - The Village's deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 3 - BUDGETARY ACTIVITY :-

Budgetary activity for the year ending December 31, 2007 was as follows:

2007 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 439,955	\$ 535,245	\$ 95,290
Special Revenue	165,793	183,079	17,286
Proprietary	525,010	571,652	46,642
Fiduciary	200	506	306
Total	\$ 1,130,958	\$ 1,290,482	\$ 159,524

2007 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 662,726	\$ 522,333	\$ 140,393
Special Revenue	293,226	140,517	152,709
Proprietary	711,483	519,741	191,742
Fiduciary	1,357	0	1,357
Total	\$ 1,668,792	\$ 1,182,591	\$ 486,201

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 3 - BUDGETARY ACTIVITY :- (continued)

Budgetary activity for the year ending December 31, 2006 was as follows:

2006 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 393,382	\$ 450,582	\$ 57,200
Special Revenue	158,252	184,297	26,045
Capital Projects	16,500	0	(16,500)
Proprietary	410,752	420,271	9,519
Fiduciary	<u>200</u>	<u>428</u>	<u>228</u>
Total	<u>\$ 979,086</u>	<u>\$ 1,055,578</u>	<u>\$ 76,492</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 532,000	\$ 433,414	\$ 98,586
Special Revenue	118,800	205,895	(87,095)
Proprietary	386,600	450,316	(63,716)
Fiduciary	<u>700</u>	<u>0</u>	<u>700</u>
Total	<u>\$ 1,038,100</u>	<u>\$ 1,089,625</u>	<u>\$ (51,525)</u>

Contrary to Ohio law, budgetary expenditures exceeded the appropriation authority as of December 31, 2006 by \$87,095 in the Special Revenue Fund and \$63,716 in the Proprietary Fund.

Contrary to Ohio law, actual receipts were less than estimated resources during 2006 in the Capital Projects fund by \$16,500.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 4 - PROPERTY TAX:-

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

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

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

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

NOTE 5 - LOCAL INCOME TAX:-

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

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

NOTE 6 - DEBT:-

Debt outstanding at December 31, 2007 was as follows:

	<u>Rate</u>	<u>Principal Balance 12/31/2007</u>
BONDS:-		
Bond - USDA - Series A	4.88%	\$ 2,356,000
Bond - USDA - Series B	4.75%	<u>193,000</u>
Total bonds		<u>2,549,000</u>
NOTES:-		
Note - OWDA - Elevated Water Tank Replacement	2.00%	450,404
Note - OPWC - Northeast Waterline Replacement	0.00%	14,816
Note - OPWC - Elevated Tank Replacement	0.00%	<u>81,372</u>
Total notes		<u>546,592</u>
Total debt obligations:-		<u><u>\$ 3,095,592</u></u>

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 6 - DEBT:- (continued)

During 2000, the Village entered into two loan agreements with the United States Department of Agriculture, Rural Development, also known as USDA. These loan funds were used to pay off the interim financing for the completed sewer system project. These loans are Sanitary Sewer System Mortgage Revenue Bonds. The loan amounts were for \$2,487,000, with a fixed interest rate of 4.88%, and \$204,000, with a fixed interest rate of 4.75%. These loans require payments over 40 years through 2040. As of December 31, 2007, the Village had outstanding balances on the loans of \$2,356,000 and \$193,000, respectively. Total interest expense incurred was \$125,541 for 2007 and \$126,986 for 2006.

During 2003, the Village entered into a loan agreement with the Ohio Water Development Authority, also known as OWDA. This loan was for the Village's elevated water tank. The total amount financed as of December 31, 2007 was \$531,161, with a fixed rate of 2.00%. The loan requires payments over 30 years through 2024. As of December 31, 2007, the Village had an outstanding balance of \$450,404. Total interest expense incurred was \$9,531 for 2007 and \$9,801 for 2006.

During 2001, the Village entered into a loan agreement with the Ohio Public Works Commission, also known as OPWC, for assistance in replacing the Village's Northeast Waterline. The total loan amount was for \$22,796 with an interest rate of 0.00%, and payments are required over 20 years through January 1, 2021. As of December 31, 2007, the Village had an outstanding balance on the loan of \$14,816.

During 2006, the Village entered into a loan agreement with the OPWC for assistance in replacing the Village's Elevated Water Tank Replacement. The total loan amount was for \$92,997 with an interest rate of 0.00%, and payments are required over 20 years through July 1, 2025. As of December 31, 2007, the Village had an outstanding balance on the loan of \$81,372.

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

Year ending December 31,	Bond - USDA Series A Bond	Bond - USDA Series B Bond	Note - OWDA	Note - OPWC Northeast Waterline	Note- OPWC Elevated Tank Repl.	Total
2008	\$ 144,955	\$ 11,768	\$ 32,183	\$ 1,140	\$ 4,650	\$ 194,696
2009	144,988	11,644	32,183	1,140	4,650	194,605
2010	145,047	11,721	32,183	1,140	4,650	194,741
2011	144,929	45,394	160,917	1,140	4,650	357,030
2012	145,037	36,318	160,917	1,140	4,650	348,062
2013-2017	725,015	50,655	112,645	5,700	23,250	917,265
2018-2022	724,972	48,515	0	3,416	23,250	800,153
2023-2027	725,015	45,950	0	0	11,622	782,587
2028-2032	725,048	51,231	0	0	0	776,279
2033-2037	724,978	58,517	0	0	0	783,495
2038-2042	435,005	39,491	0	0	0	474,496
	<u>4,784,989</u>	<u>411,204</u>	<u>531,028</u>	<u>14,816</u>	<u>81,372</u>	<u>5,823,409</u>
Less Interest Expense	<u>2,428,989</u>	<u>218,204</u>	<u>80,624</u>	<u>0</u>	<u>0</u>	<u>2,727,817</u>
Total Principal	<u>\$ 2,356,000</u>	<u>\$ 193,000</u>	<u>\$ 450,404</u>	<u>\$ 14,816</u>	<u>\$ 81,372</u>	<u>\$ 3,095,592</u>

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 7 - RETIREMENT SYSTEMS:-

The Village's certified Fire Fighters and Policeman belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2007 and 2006, members of OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 24% of their wages to OP&F. PERS members contributed 9.5% and 9.0% of their gross salaries, respectively. The Village contributed an amount equal to 13.85% and 13.70% of participants' gross salaries for 2007 and 2006, respectively. The Village has paid all contributions required through December 31, 2007.

NOTE 8 - RISK MANAGEMENT:-

The Village has obtained commercial insurance for the following risks:

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

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

NOTE 9 - SUBSEQUENT EVENT:-

During the year and subsequent to year end, the Environmental Protection Agency determined that the Village has an inadequate water supply. In turn, the EPA has been working in conjunction with the Village to develop a test well for the EPA to review and approve if deemed an appropriate source of water supply for the Village. If determined that the test well is a success and the EPA approves the project, a well field will be developed for the water source to the Village and funding will have to be obtained for completion of the project at that time.



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

Village Council
Village of New Washington
Crawford County

We have audited the financial statements of the Village of New Washington, Crawford County, (the Village) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated June 9, 2008, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 auditing procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of New Washington's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the deficiencies described in the accompanying schedule of findings as items 2007-001, 2007-002, and 2007-004 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

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

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated June 9, 2008.

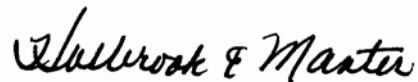
Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard*, which are described in the accompanying schedule of findings as items 2007-002 and 2007-003.

We did note certain noncompliance or other matters that we reported to the Government's management in a separate letter dated June 9, 2008.

The Village of New Washington's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Village's response and, accordingly, we express no opinion on it.

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



Certified Public Accountants

June 9, 2008

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

Finding Number	2007-001
-----------------------	-----------------

Significant Deficiency - Contractual Agreements

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

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

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

Officials’ Response

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

Finding Number	2007-002
-----------------------	-----------------

Significant Deficiency/Non-compliance Citation – Transfer of Funds

Ohio Revised Code, Section 5705.14, 5705.15, and 5705.16, states which transfers are allowable and which are not allowable. No transfer can be made from one fund of a subdivision to any other fund unless it meets one of the exceptions noted in the Ohio Revised Sections noted above or the proper court approval is received.

During our testing, we noted that a transfer of \$3,400 was made from a Special Revenue fund to the General fund and the proper procedures were not followed to complete this transfer. We recommend referring to the Ohio Revised Code and the Village officers Handbook provided by the Auditor of State when completing transfers to make sure they are being handled properly.

Officials’ Response

The Village is currently addressing the above issue with their legal council on how to handle this particular instance in the future.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

Finding Number	2007-003
-----------------------	-----------------

Noncompliance Citation - Expenditures Exceeding Appropriations

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

During our audit procedures, we noted that expenditures exceeded appropriations in the Village's Special Revenue and Enterprise Funds for 2006. We recommend that the Clerk monitor on a regular basis expenditures and appropriations. Whenever it is necessary, amended appropriations need to be prepared, approved, and submitted to the County Budget Commission.

Officials' Response

The Village will continue to monitor appropriations as they did in 2007 and improve compliance controls.

Finding Number	2007-004
-----------------------	-----------------

Significant Deficiency - Internal Control and Review Procedures

Although the Council Members receive and review a select number of reports from the Fiscal Officer of the Village for approval on a monthly basis, the Village has not established formal procedures to reasonably assure completeness, and accuracy of the monthly reporting. During our testing and analysis, we noted that the Village Council is not reviewing the numerical check sequence prior to signing the checks. In addition, they are not reviewing the bank statement for proper inclusion of authorized expenditures within the cancelled checks or electronic fund withdraws.

The Village should carefully review this information and make appropriate inquiries to help determine the integrity of the financial information. When performing such review, the officials' signatures or initials and the date should be affixed to the documents examined and it should be noted in the monthly minutes that the officials' thoroughly reviewed and approved those documents. In addition, we also recommend that the numerical check sequence be noted in the minutes and signed off of by the Council each month.

Officials' Response

The Village's Fiscal Officer will consider providing additional reports including a list of checks monthly to the Council for their review and signatures.

**VILLAGE OF NEW WASHINGTON
CRAWFORD COUNTY
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2005-001	Ohio Revised Code, Section 5705.41 (B) Expenditures exceed appropriations.	No/Yes	Was not corrected in 2006 and was reissued as finding 2007-003 but Village used UAN print outs to monitor and keep track of expenditures and corrected the problem in 2007.
2005-002	Internal Control Reportable Condition - Contractual Agreements	No	Not corrected and reissued as finding 2007-002.



Mary Taylor, CPA
Auditor of State

VILLAGE OF NEW WASHINGTON

CRAWFORD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 28, 2008**