

***VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

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



Mary Taylor, CPA

Auditor of State

Village Council
Village of Washingtonville
P.O. Box 307
Washingtonville, Ohio 44490

We have reviewed the *Report of Independent Accountants* of the Village of Washingtonville, Columbiana County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2008 through December 31, 2009. 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 *Report of Independent Accountants* 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 *Report of Independent Accountants* 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 7, 2010

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**VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2009 and 2008**

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

REPORT OF INDEPENDENT ACCOUNTANTS

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, Ohio (the Village), as of and for the years ended December 31, 2009 and 2008. 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 that our audit provides a reasonable basis for our opinion.

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

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2009 and 2008. Instead of the combined funds the accompanying financial statements present for 2009 and 2008, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2009 and 2008. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008, 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, 2009 and 2008, 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 of the Village of Washingtonville, Columbiana County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements and changes in fund cash balances for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2009 and 2008. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2010, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Charles E. Harris & Associates, Inc.
June 17, 2010

VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009

	Governmental Fund Types			Total Memorandum Only
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Other Local Taxes	\$ 20,264	\$ 84,114	\$ -	\$ 104,378
Intergovernmental	27,656	41,282	-	68,938
Special Assessments	548	-	-	548
Fines, Licenses & Permits	40,605	-	-	40,605
Earnings on Investments	667	219	-	886
Miscellaneous	250	4,128	-	4,378
Total Cash Receipts	89,990	129,743	-	219,733
Cash Disbursements:				
Current:				
Security of Persons & Property	28,608	83,806	-	112,414
Public Health Services	320	-	-	320
Transportation	-	40,003	-	40,003
General Government	60,673	-	-	60,673
Capital Outlay	7,129	10,000	-	17,129
Total Cash Disbursements	96,730	133,809	-	230,539
Total Receipts Over/(Under) Disbursements	(6,740)	(4,066)	-	(10,806)
Other Financing Sources/(Uses):				
Advances-In	5,000	-	-	5,000
Total Other Financing Sources/(Uses)	5,000	-	-	5,000
Excess of Cash Receipts and Other Financing Sources Over / (Under) Cash Disbursements and Other Financing Uses	(1,740)	(4,066)	-	(5,806)
Fund Cash Balance, January 1	112,652	271,786	8,491	392,929
Fund Cash Balance, December 31	\$ 110,912	\$ 267,720	\$ 8,491	\$ 387,123

See accompanying Notes to the Financial Statements.

**VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Proprietary Fund Types Enterprise Fund</u>	<u>Fiduciary Fund Types Agency Fund</u>	<u>Total</u>
Operating Cash Receipts:			
Charges for Services	\$ 319,040	\$ -	\$ 319,040
Fines, Licenses and Permits	-	52,690	52,690
Miscellaneous	1,141	-	1,141
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Total Operating Cash Receipts	320,181	52,690	372,871
Operating Cash Disbursements:			
Personal Services	74,080	-	74,080
Employee Fringe Benefits	37,385	-	37,385
Contractual Services	110,538	786	111,324
Supplies & Materials	28,771	1,132	29,903
Capital Outlay	19,436	1,200	20,636
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Total Operating Cash Disbursements	270,210	3,118	273,328
Operating Income/(Loss)	49,971	49,572	99,543
Non-Operating Cash Receipts/(Disbursements):			
Redemption Of Principal	(16,870)	-	(16,870)
Interest and Other Fiscal Charges	(31,185)	-	(31,185)
Other Financing Uses	-	(47,183)	(47,183)
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Total Non-Operating Cash Receipts/(Disbursements):	(48,055)	(47,183)	(95,238)
Excess of Receipts Over Disbursements Before Transfers/Advances	1,916	2,389	4,305
Advances-Out	(5,000)	-	(5,000)
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Net Receipts Over Disbursements	(3,084)	2,389	(695)
Fund Cash Balance, January 1	281,284	7,929	289,213
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Fund Cash Balance, December 31	\$ 278,200	\$ 10,318	\$ 288,518
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See accompanying Notes to the Financial Statements.

**VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Governmental Fund Types			Total Memorandum Only
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Other Local Taxes	\$ 20,138	\$ 83,254	\$ -	\$ 103,392
Intergovernmental	27,013	43,949	-	70,962
Special Assessments	559	-	-	559
Charges for Services	-	1,443	-	1,443
Fines, Licenses & Permits	24,314	-	-	24,314
Earnings on Investments	3,996	1,268	-	5,264
Miscellaneous	6,605	2,479	-	9,084
Total Cash Receipts	82,625	132,393	-	215,018
Cash Disbursements:				
Current:				
Security of Persons & Property	28,171	82,252	-	110,423
Public Health Services	580	-	-	580
Leisure Time Activities	-	30	-	30
Transportation	-	17,312	-	17,312
General Government	57,871	-	-	57,871
Capital Outlay	10,310	1,898	-	12,208
Debt Service:				
Principal Payment	-	11,250	-	11,250
Interest and Fiscal Charges	-	254	-	254
Total Cash Disbursements	96,932	112,996	-	209,928
Total Receipts Over/(Under) Disbursements	(14,307)	19,397	-	5,090
Other Financing Sources/(Uses):				
Transfers-In	-	7,500	-	7,500
Transfers-Out	(7,500)	-	-	(7,500)
Advances-In	5,000	-	-	5,000
Total Other Financing Sources/(Uses)	(2,500)	7,500	-	5,000
Excess of Cash Receipts and Other Financing Sources Over / (Under) Cash Disbursements and Other Financing Uses	(16,807)	26,897	-	10,090
Fund Cash Balance, January 1	129,459	244,889	8,491	382,839
Fund Cash Balance, December 31	\$ 112,652	\$ 271,786	\$ 8,491	\$ 392,929

See accompanying Notes to the Financial Statements.

**VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Proprietary Fund Types	Fiduciary Fund Types	Total
	Enterprise Fund	Agency Fund	
Operating Cash Receipts:			
Charges for Services	\$ 321,739	-	\$ 321,739
Fines, Licenses and Permits	-	31,297	31,297
Miscellaneous	1,115	-	1,115
	322,854	31,297	354,151
Operating Cash Disbursements:			
Personal Services	70,561	-	70,561
Employee Fringe Benefits	34,685	-	34,685
Contractual Services	89,354	615	89,969
Supplies & Materials	20,754	838	21,592
Capital Outlay	7,202	462	7,664
	222,556	1,915	224,471
Operating Income/(Loss)	100,298	29,382	129,680
Non-Operating Cash Receipts/(Disbursements):			
Redemption Of Principal	(16,870)	-	(16,870)
Interest and Other Fiscal Charges	(31,725)	-	(31,725)
Other Financing Uses	-	(31,657)	(31,657)
	(48,595)	(31,657)	(80,252)
Excess of Receipts Over Disbursements Before Transfers/Advances	51,703	(2,275)	66,298
Transfers-In	665	-	665
Transfers-Out	(665)	-	(665)
Advances-Out	(5,000)	-	(5,000)
	46,703	(2,275)	44,428
Net Receipts Over Disbursements	46,703	(2,275)	44,428
Fund Cash Balance, January 1	234,581	\$ 10,204	244,785
Fund Cash Balance, December 31	\$ 281,284	\$ 7,929	\$ 289,213

See accompanying Notes to the Financial Statements.

VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

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 included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The Village prepares its financial statements following the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis 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.

C. CASH

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. FUND ACCOUNTING

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. FUND ACCOUNTING - (Continued)

General Fund: The general operating fund of the Village. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds: These funds are used to account for proceeds from special sources (other than from trusts or for capital projects) that are restricted to expenditures for specific purposes. Significant special revenue funds follow:

- 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.

Capital Project Fund: 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 Village hall.

Enterprise Funds: These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village has 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.

Fiduciary Funds: These 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.

VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

D. FUND ACCOUNTING - (Continued)

Agency Funds: These 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 accounts for fines and court costs collected in Mayors court.

E. BUDGETARY PROCESS

A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the Village Council, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

1. Estimated Resources

The county auditor calculates the estimated revenues available to the Village. The county auditor prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Village. The certificate is approved by the County Budget Commission and sent to the Village Clerk by September 1.

Prior to December 31, the Village must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Clerk sends the county auditor a certificate to which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the County Budget Commission for approval. This amended certificate may be further amended during the year if projected increases or the Clerk identifies decreases in revenue. The amounts reported in the budgetary footnote reflect the amounts in the final amended certificates issued during 2009 and 2008.

Budget receipts, as shown in footnote number 4, do not include the unencumbered fund balances as of January 1, 2009 and 2008. However, those fund balances are available for appropriation.

VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. BUDGETARY PROCESS – (Continued)

2. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control and appropriations may not exceed estimated resources. A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available.

3. Encumbrances

The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Encumbrances outstanding at year end are carried forward to the subsequent year and need not be reappropriated.

A summary of budgetary activity appears in Note 4.

F. PROPERTY, PLANT AND EQUIPMENT

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

G. ACCUMULATED LEAVE

In certain circumstances, such as upon termination of 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.

**VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The Village maintains a cash and investment 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:

	2009	2008
Demand deposits	\$ 675,641	\$ 682,142

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

3. PROPERTY TAXES

Real property taxes are levied on assessed values, which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2006.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The State Board of Tax Equalization adjusts the tax rates for inflation. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Village by the State of Ohio. The amounts reimbursed by the State of Ohio are reflected in the accompanying financial statements as intergovernmental receipts.

Public utilities are also taxed on personal and real property located within the Village. Tangible personal property tax is assessed on the property owners, who must file a list of such property to the County by each April 30. Tangible personal property taxes are being phased out through 2009.

The County Treasurer collects property tax on behalf of all taxing Villages within the county. The County Auditor periodically remits to the taxing Village their portions of the taxes collected.

VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

4. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2009 and 2008 follows:

2009 Budgeted vs Actual Receipts

<u>Fund</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General Fund	\$ 82,797	\$ 94,990	\$ 12,193
Special Revenue Funds	136,088	129,743	(6,345)
Enterprise Funds	310,694	320,181	9,487

2009 Budgeted vs Actual Budgetary Basis Disbursements

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General Fund	\$ 184,010	\$ 96,730	\$ 87,280
Special Revenue Funds	329,100	133,809	195,291
Enterprise Funds	522,240	323,265	198,975

2008 Budgeted vs Actual Receipts

<u>Fund</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General Fund	\$ 89,342	\$ 87,625	\$ (1,717)
Special Revenue Funds	119,402	139,893	20,491
Enterprise Funds	301,644	323,519	21,875

2008 Budgeted vs Actual Budgetary Basis Disbursements

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General Fund	\$ 166,717	\$ 104,432	\$ 62,285
Special Revenue Funds	320,097	112,996	207,101
Enterprise Funds	493,875	276,816	217,059

**VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008**

5. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the years ended December 31, 2009 and 2008, members were required to contribute 10 percent of their annual covered salaries and the Village's contribution rate was 14 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village has paid all contributions required through December 31, 2009.

6. DEBT

Debt outstanding at December 31, 2009 is as follows:

Description	Principal	Interest Rate
Ohio Public Works Commission Loan	\$ 29,220	0.00%
Farmers Home Administration Loan	681,000	4.50%
	\$ 710,220	

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
For the Years Ended December 31, 2009 and 2008**

6. DEBT - (Continued)

Principal and interest requirements for debt outstanding at December 31, 2009 is as follows:

	OPWC Issue II Loan	FHA Loan
Year Ended:		
2010	\$ 2,435	\$ 43,645
2011	4,870	43,060
2012	4,870	43,475
2013	4,870	42,845
2014	4,870	43,215
2015-2019	7,305	216,320
2020-2024	-	216,035
2025-2029	-	216,755
2030-2034	-	215,860
2035-2039	-	129,845
Total	\$ 29,220	\$ 1,211,055

7. 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

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.

8. SUBSEQUENT EVENTS/PENDING LITIGATION

Management believes there are no pending claims or lawsuits.

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

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, Columbiana County, Ohio (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 17, 2010, 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 Controls 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 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 grants 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 such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2009-001 and 2009-002.

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

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

Charles E. Harris and Associates, Inc.

June 17, 2010

**VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY, OHIO
Schedule of Findings
For the Years Ending December 31, 2009 and 2008**

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

Finding Number 2009-001

Noncompliance Citation

Ohio Revised Code Section 5705.41 (D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificate which are provided for in sections 5705.41 (D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

- 1. Then and Now Certificate-** If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village may authorize the issuance of a warrant in payment of the amount due upon such contract or order by ordinance or resolution within 30 days from the receipt of such certificate.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

- 2. Blanket Certificate-** Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

**VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY, OHIO
Schedule of Findings – (continued)
For the Years Ending December 31, 2009 and 2008**

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

3. **Super Blanket Certificate-** The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, any other specific recurring and reasonable predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Village used 18 “then and now” certificates, which exceeded \$3,000. These certificates require the certificate to be affirmed by the taxing authority by a resolution or an ordinance. The certificates did have signatures of the fiscal officer and two or three council members indicating authorization, however, the required ordinance or resolution was not approved. Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances. Unless the exceptions noted above are used properly, prior certification is not only required by statute but it is also a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village’s funds exceeding budgetary spending limitations, the Village Fiscal Officer should certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, “then and now” certification should be used.

Management is currently correcting this issue by developing a process to control the purchase order process.

Finding Number 2009-002

Noncompliance Citation

Ohio Rev. Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated fund resources from each fund as certified by the county budget commission. This section also provides that no appropriation measure shall become effective until the Village obtains the County Auditor’s certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

At December 31, 2008 the following fund’s appropriations exceeded total estimated resources:

Special Revenue Fund:
Police (\$7,465)

Management will review and adjust budgetary issues in the future.

**VILLAGE OF WASHINGTONVILLE
COLUMBIANA COUNTY, OHIO
For the Years Ending December 31, 2009 and 2008**

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:
2007-001	ORC 5705.41(D) Lack of certifying funds when placing orders. Purchase orders dated after invoices.	No	Not corrected. Reissued as finding 2009-001.
2007-002	ORC 5705.39 Total appropriations exceeding total estimated resources.	No	Not corrected. Reissued as finding 2009-002.
2007-003	OAC 117-2-02 Lack of maintaining Mayor's Court fund recording keeping	Yes	Significantly Different Corrective Action Taken



Mary Taylor, CPA
Auditor of State

VILLAGE OF WASHINGTONVILLE

COLUMBIANA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 21, 2010**