

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

Financial Statements
(Audited)

For The Year Ended
December 31, 2000

MELODIE FAULKNER, CLERK/TREASURER



STATE OF OHIO
OFFICE OF THE AUDITOR

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Members of Council and Mayor
Village of Farmersville
44 Maple Street
Farmersville, Ohio 45325

We have reviewed the independent auditor's report of the Village of Farmersville, Montgomery County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 2000 through December 31, 2000. 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 Farmersville is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

June 7, 2001

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**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

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Independent Auditor's Report

Members of Council and Mayor
Village of Farmersville
44 Maple Street
Farmersville, OH 45325

We have audited the accompanying financial statements of the Village of Farmersville, Montgomery County, Ohio, as of and for the year ended December 31, 2000. These financial statements are the responsibility of the Village of Farmersville's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 audit to obtain reasonable assurance about 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 discussed in Note 2, the Village of Farmersville prepares its financial statements on the basis of accounting prescribed or permitted by Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances and fund balances of the Village of Farmersville, as of December 31, 2000, and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances for the year then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 4, 2001, on our consideration of the Village of Farmersville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the Village of Farmersville's management and other officials authorized to receive this report under section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.
May 4, 2001

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND
BALANCES - ALL FUND TYPES
DECEMBER 31, 2000

<u>Cash and Cash Equivalents</u>	<u>2000</u>
Cash and Cash Equivalents	<u>\$ 277,966</u>
Total Cash and Cash Equivalents	<u><u>\$ 277,966</u></u>
<u>Fund Balances</u>	
<u>Governmental Fund Types:</u>	
General Fund	\$ 157,509
Special Revenue Funds	32,560
Capital Projects Fund	<u>1,411</u>
Total Governmental Fund Types	<u>191,480</u>
<u>Proprietary Fund Type:</u>	
Enterprise Funds	<u>86,486</u>
Total Fund Balances	<u><u>\$ 277,966</u></u>

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

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Local taxes	\$ 137,502	\$ 35,644	\$ -	\$ 173,146
Intergovernmental	54,184	57,941	-	112,125
Special assessments	-	17,263	-	17,263
Charges for services	2,756	-	-	2,756
Fines, licenses, and permits	375	-	-	375
Interest	3,679	217	-	3,896
Total cash receipts	<u>198,496</u>	<u>111,065</u>	<u>-</u>	<u>309,561</u>
Cash disbursements:				
Current:				
Security of persons and property	62,000	30,301	-	92,301
Community environment	2,038	-	-	2,038
Transportation	-	41,598	-	41,598
General government	79,300	1,263	-	80,563
Capital outlay	2,184	88,300	-	90,484
Debt service:				
Principal retirement	-	325	-	325
Interest charges	-	678	-	678
Total cash disbursements	<u>145,522</u>	<u>162,465</u>	<u>-</u>	<u>307,987</u>
Total cash receipts over/(under) cash disbursements	<u>52,974</u>	<u>(51,400)</u>	<u>-</u>	<u>1,574</u>
Other financing receipts/(disbursements):				
Proceeds from sale of notes	-	71,800	-	71,800
Advances in	34,281	15,241	-	49,522
Advances out	(15,241)	(34,281)	-	(49,522)
Total other financing receipts/(disbursements)	<u>19,040</u>	<u>52,760</u>	<u>-</u>	<u>71,800</u>
Excess of cash receipts and other financing receipts over cash disbursements and other financing disbursements	72,014	1,360	-	73,374
Cash fund balances, January 1, 2000	<u>85,495</u>	<u>31,200</u>	<u>1,411</u>	<u>118,106</u>
Cash fund balances, December 31, 2000	<u>\$ 157,509</u>	<u>\$ 32,560</u>	<u>\$ 1,411</u>	<u>\$ 191,480</u>

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

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN CASH FUND BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 288,859
Total operating cash receipts	288,859
Operating cash disbursements:	
Personal services	61,591
Employee fringe benefits	20,931
Contractual services	100,558
Supplies and material	27,555
Capital outlay	326,340
Total operating cash disbursements	536,975
Operating (loss)	(248,116)
Nonoperating cash receipts/(disbursements):	
Intergovernmental receipts	233,944
Proceeds of notes	78,200
Debt service:	
Principal	(33,877)
Interest	(18,921)
Total nonoperating cash receipts/(disbursements)	259,346
Net income	11,230
Cash fund balances, January 1, 2000	75,256
Cash fund balances, December 31, 2000	\$ 86,486

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

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2000

Fund Types	Receipts					Disbursements					Variance Favorable (Unfavorable)	
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2000 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2000 Appropriations	Total	Actual 2000 Disbursements	Encumbrances Outstanding at 12/31/00		Total
Governmental:												
General	\$ 95,076	\$ 144,308	\$ 239,384	\$ 232,777	\$ 88,469	\$ 3,616	\$ 226,884	\$ 230,500	\$ 160,763	\$ -	\$ 160,763	\$ 69,737
Special Revenue	15,338	177,526	192,864	198,106	20,580	-	183,296	183,296	196,746	-	196,746	(13,450)
Capital Projects	1,411	-	1,411	-	-	4,537	-	4,537	-	-	-	4,537
Proprietary:												
Enterprise	75,248	572,783	648,031	601,003	28,220	921	609,013	609,934	589,773	-	589,773	20,161
Total (Memorandum Only)	\$ 187,073	\$ 894,617	\$ 1,081,690	\$ 1,031,886	\$ 137,269	\$ 9,074	\$ 1,019,193	\$ 1,028,267	\$ 947,282	\$ -	\$ 947,282	\$ 80,985

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

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 1 - DESCRIPTION OF THE ENTITY

The Village of Farmersville, Montgomery County, Ohio (the "Village") is a body politic and corporate 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 operates under a council-mayor form of government and provides the following services: water and sewer utilities, refuse services, street maintenance and repair, park operations, emergency medical services, fire protection and police services, as well as other general government services. The Village contracts with the Jackson Township police department to provide security of persons and property.

The Village is a participant in the Farmersville/Jackson Township Joint Park Board. The Park Levy proceeds are received by the Township and expenditures are approved and processed by the Township.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village officials have direct operating control.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Village's accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the Village are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Village:

General Fund

The general fund is used to account for all activities of the Village not required to be included 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 are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

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

The Village had the following significant special revenue fund:

Street Construction, Maintenance, & Repair Fund - This fund receives semi-annual tax settlements from the County Auditor and rollback and homestead reimbursements for reductions in property taxes. This fund is used to maintain and repair roads, road equipment and machinery.

Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise funds). The Village had no significant capital projects funds during 2000.

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 had the following significant enterprise funds:

Water Fund - This fund receives charges for services from residents to cover the costs of providing the citizens of the Village with water services.

Sewer Fund - This fund receives charges for services from residents to cover the costs of providing the citizens of the Village with sewer services.

B. 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.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

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

C. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the item level within each fund. Any budgetary modifications at this level may only be made by resolution of the Village's Council.

Tax Budget:

A budget of estimated cash receipts and disbursements is 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. All funds are legally required to be budgeted. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Village determines that receipts collected will be greater than or less than the prior estimates, and the Budget Commission finds the revised estimates to be reasonable. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

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

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The Village legally adopted several supplemental appropriations during the year ended December 31, 2000.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Village had no outstanding encumbrances at December 31, 2000.

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Village considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Village totaled \$3,896 for the year ended December 31, 2000.

E. PROPERTY, PLANT AND EQUIPMENT

Fixed assets are not capitalized in any of the Village's funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

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

F. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Village's cash basis method of accounting.

G. INTERFUND TRANSACTIONS

During the course of normal operations, the Village had transactions between funds. The most significant includes advances of resources from one fund to another fund. The resources advanced are for short-term purposes and are expected to be repaid within one year.

H. UNPAID VACATION AND SICK LEAVE

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Village.

I. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

NOTE 3 - COMPLIANCE

The following funds had expenditures in excess of appropriations for the year ended December 31, 2000, in noncompliance with Ohio Revised Code Section 5705.41(B):

<u>Fund Type/Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<u>SPECIAL REVENUE FUND:</u>			
Street Construction, Maintenance, & Repair	\$54,790	\$92,911	\$38,121

Disclosure is presented at the fund level, rather than at the department and item level within the fund due to the practicality of determining these values.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE 3 - COMPLIANCE - (Continued)

During 2000, the Village determined that the carryover encumbrance at December 31, 1999 in the Capital Projects fund of \$4,537 would no longer be necessary and was closed. Thus, there were no appropriations for this fund and therefore no appropriations in excess of estimated resources.

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

Moneys held by the Village are classified by State statute into two categories. Active moneys are public moneys determined to be necessary to meet current demand upon the Village treasury. Active moneys must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

Moneys held by the Village which are not considered active are classified as inactive. Inactive moneys may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio).

The Village may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons;
3. Obligations to the Village.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

DEPOSITS

For the year ended December 31, 2000, the carrying amount of the Village's deposits was \$277,966, and the bank balance was \$298,292. Of the bank balance:

1. \$100,000 was covered by federal depository insurance for the year ended December 31, 2000.
2. \$198,292 was covered by collateral held by third party trustees pursuant to Section 135.181, Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of pledging specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure the repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

NOTE 5 - INTERFUND TRANSACTION

The following is a summarized breakdown of the Village's short-term advances for 2000:

	<u>Advance-in</u>	<u>Advance-out</u>
GENERAL FUND	\$34,281	\$(15,241)
<u>SPECIAL REVENUE FUND:</u>		
Street Construction, Maintenance, & Repair	<u>15,241</u>	<u>(34,281)</u>
Totals	<u>\$49,522</u>	<u>\$(49,522)</u>

NOTE 6 - LOCAL INCOME TAX

This locally levied tax of 1% applies to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village and to earnings of nonresidents (except certain transients) earned in the Village. It also applies to the net income of business organizations located within the Village. Tax receipts are credited to the Village and amounted to \$76,765 in 2000.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 7 - DEBT OBLIGATIONS

At December 31, 2000, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at December 31, 2000</u>
2000 Firststar bonds for various purposes due in annual installments of varying amounts through 2019 bearing interest at 6.56%.	\$146,162
1998 Ohio Water Development Authority (OWDA) note for water improvements due in semi-annual installments upon completion of project.	188,962
1998 Ohio Public Works Commission (OPWC) note for water improvements, due in semi-annual installments of \$7,368 through 2018, bearing no interest.	257,894
1992 OPWC note for sewer improvements, due in semi-annual installments of \$3,175, due in 2012, bearing no interest.	<u>76,200</u>
Total debt obligations at December 31, 2000	<u>\$669,218</u>

Transactions for the year ended December 31, 2000, are summarized as follows:

	<u>Balance at December 31, 1999</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance at December 31, 2000</u>
Bonds - Firststar - 2000	\$ 0	\$150,000	\$ 3,838	\$146,162
Note - OWDA - 1998	198,240		9,278	188,962
Note - OPWC - 1998	272,630		14,736	257,894
Note - OPWC - 1992	<u>82,550</u>		<u>6,350</u>	<u>76,200</u>
Total Notes	<u>\$553,420</u>	<u>\$150,000</u>	<u>\$34,202</u>	<u>\$669,218</u>

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 7 - DEBT OBLIGATIONS - (Continued)

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2000, are as follows:

Year Ending December 31,	2000 Bonds - Firstar		1998 Note - OWDA		1998 Note - OPWC	1992 Note - OPWC
	Principal	Interest	Principal	Interest	Principal	Principal
2001	\$ 4,090	\$ 9,588	\$ 9,709	\$10,095	\$ 14,737	\$ 3,175
2002	4,359	9,320	10,258	10,146	14,737	6,350
2003	4,644	9,034	10,839	9,565	14,737	6,350
2004	4,949	8,729	11,452	8,952	14,737	6,350
2005	5,274	8,405	12,100	8,303	14,737	6,350
2006-2010	32,034	36,357	71,584	30,435	73,685	31,750
2011-2015	44,015	24,378	63,020	8,394	73,685	15,875
2016-2019	<u>46,797</u>	<u>7,076</u>	---	---	<u>36,839</u>	---
TOTALS	<u>\$146,162</u>	<u>\$112,887</u>	<u>\$188,962</u>	<u>\$85,890</u>	<u>\$257,894</u>	<u>\$76,200</u>

NOTE 8 - CAPITAL LEASE COMMITMENT

In 1996, the Village entered into a capital lease purchase agreement with Firststar Bank, NA for various equipment for the Street Department. The asset acquired through the capital lease arrangement is as follows:

<u>Cost</u>	<u>Asset</u>
\$46,323	Various Equipment

The minimum lease obligations as of December 31, 2000 were as follows:

Year Ending December 31,	2000	
	<u>Principal</u>	<u>Interest</u>
2001	<u>\$10,408</u>	<u>\$1,249</u>
Totals	<u>\$10,408</u>	<u>\$1,249</u>

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE 9 - PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the County. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State and are reflected in the accompanying financial statements as Intergovernmental Receipts. Real property taxes are payable annually or semiannually to the County. 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.

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 10 - RETIREMENT SYSTEM

All employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement 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 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. At December 31, 2000 the Village's unpaid liability for the year ended totaled \$2,059.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000**

NOTE 11 - RISK MANAGEMENT

In 2000, the Village obtained commercial insurance for the following risks:

- Buildings and contents
- Vehicles
- Inland marine
- Public official's liability

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

NOTE 12 - CONTINGENT LIABILITY

LITIGATION

The Village is currently not involved in any litigation that management or its legal counsel anticipates a loss.

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Members of Council and Mayor
Village of Farmersville
44 Maple Street
Farmersville, OH 45325

We have audited the financial statements of the Village of Farmersville as of and for the year ended December 31, 2000, and have issued our report thereon dated May 4, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village of Farmersville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 that are required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-57405005-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village of Farmersville in a separate letter dated May 4, 2001.

Members of Council and Mayor
Village of Farmersville

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Farmersville's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Village of Farmersville in a separate letter dated May 4, 2001.

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

Trimble, Julian & Grube, Inc.
May 4, 2001

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO
DECEMBER 31, 2000**

SCHEDULE OF FINDINGS

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

Finding Number	2000-57405005-001
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Ohio Revised Code Section 5705.41 (B) requires that no subdivision is to expend money unless it has been appropriated.

It was noted during the audit that for the year ended December 31, 2000, the Village had expenditures exceeding appropriations in the following fund:

<u>Fund Type/Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<u>SPECIAL REVENUE FUND:</u>			
Street Construction, Maintenance, & Repair	\$54,790	\$92,911	\$38,121

With expenditures exceeding appropriations, the Village is unlawfully expending monies that have not been appropriated.

We recommend that the Village comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations and amending the budget prior to year end. This may be achieved by monitoring the budget more closely on a continual basis.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1999-57405005-001	Ohio Revised Code Section 5705.39.	Yes	N/A
1999-57405005-002	Ohio Revised Code Section 5705.41 (B).	No	The Village is attempting to more closely monitor its expenditures and appropriations.
1998-57405005-001	Ohio Revised Code Section 5705.39.	Yes	N/A



STATE OF OHIO
OFFICE OF THE AUDITOR

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VILLAGE OF FAMERSVILLE

MONTGOMERY 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
JUNE 14, 2001**