



**Auditor of State
Betty Montgomery**

VILLAGE OF WEST FARMINGTON
TRUMBULL COUNTY

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Village of West Farmington
Trumbull County
P.O. Box 215
West Farmington, Ohio 44491

To the Village Council:

We have audited the accompanying financial statements of the Village of West Farmington, Trumbull County, (the Village) as of and for the year ended December 31, 2003. 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 obtain reasonable assurance 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the 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 fund cash balances of the Village of West Farmington, Trumbull County, as of December 31, 2003, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2006 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 25, 2006

**VILLAGE OF WEST FARMINGTON
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL TYPE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$30,820	\$8,930	\$39,750
Intergovernmental	119,289	31,828	151,117
Special Assessments		3,614	3,614
Fines, Licenses and Permits	635		635
Earnings on Investments	272	94	366
Miscellaneous	5,173		5,173
Total Cash Receipts	156,189	44,466	200,655
Cash Disbursements:			
Current:			
Security of Persons and Property		15,756	15,756
Leisure Time Activities	8,527		8,527
Community Environment	293		293
Basic Utility Services	2,310		2,310
Transportation	2,333	10,714	13,047
General Government	37,964		37,964
Capital Outlay	12,484	1,308	13,792
Debt Service:			
Redemption of Principal	15,242	6,908	22,150
Interest and Other Fiscal Charges	1,926	449	2,375
Total Cash Disbursements	81,079	35,135	116,214
Total Receipts Over/(Under) Disbursements	75,110	9,331	84,441
Other Financing Receipts/(Disbursements):			
Transfers-In		11,536	11,536
Transfers-Out	(11,536)		(11,536)
Advance-In	8,584	8,584	17,168
Advance-Out	(8,584)	(8,584)	(17,168)
Total Other Financing Receipts/(Disbursements)	(11,536)	11,536	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	63,574	20,867	84,441
Fund Cash Balance, January 1, 2003	3,191	71,105	74,296
Fund Cash Balance, December 31, 2003	\$66,765	\$91,972	\$158,737

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

**VILLAGE OF WEST FARMINGTON
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$149,712
Operating Cash Disbursements:	
Current:	
Personal Services	50,316
Employee Fringe Benefits	10,543
Contractual Services	58,623
Supplies and Materials	9,472
Other	294
Total Operating Cash Disbursements	129,248
Operating Income	20,464
Non-Operating Cash Receipts:	
Earnings on Investments	64
Sale of Bonds	7,605
Miscellaneous Receipts	3,967
Total Non-Operating Cash Receipts	11,636
Non-Operating Cash Disbursements:	
Redemption of Principal	14,600
Interest and Other Fiscal Charges	17,096
Total Non-Operating Cash Disbursements	31,696
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	404
Transfers-In	33,600
Transfers-Out	(33,600)
Net Receipts Over/(Under) Disbursements	404
Fund Cash Balance, January 1	25,791
Fund Cash Balance, December 31	\$26,195

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

**VILLAGE OF WEST FARMINGTON
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of West Farmington, Trumbull County, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides water utilities, park operations, and police services.

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

B. Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements adequately disclose material matters the Auditor of State prescribes.

C. Cash

The Village maintains deposits in NOW and business checking accounts.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds:

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

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

Permissive Motor Vehicle License Fund - This fund receives permissive motor vehicle license tax money for constructing, maintaining, and repairing Village streets.

Police Fund - This fund receives property tax money for the operation of the Village police department.

VILLAGE OF WEST FARMINGTON
TRUMBULL COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(Continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

3. **Enterprise Funds**

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

Water Fund - This fund receives charges for services from residents to cover water service costs.

Water Debt Service Fund - This fund receives money from the Water Fund for the payment of the loans with the United States Department of Agriculture (USDA).

Water Debt Service Reserve Fund - This fund receives money from the Water Fund to finance repairs to the water plant required by the United States Department of Agriculture (USDA).

E. **Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

1. **Appropriations**

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

2. **Estimated Resources**

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

3. **Encumbrances**

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

A summary of 2003 budgetary activity appears in Note 3.

F. **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.

**VILLAGE OF WEST FARMINGTON
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH

The Village maintains a cash pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31, 2003 was as follows:

	2003
Demand deposits	\$184,932

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2003 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$177,708	\$156,189	(\$21,519)
Special Revenue	53,999	56,002	2,003
Enterprise	291,070	194,948	(96,122)
Total	\$522,777	\$407,139	(\$115,638)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$178,719	\$92,615	\$86,104
Special Revenue	108,331	35,135	73,196
Enterprise	316,562	194,544	122,018
Total	\$603,612	\$322,294	\$281,318

**VILLAGE OF WEST FARMINGTON
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment 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.

Property owners assess tangible personal property tax. They must file a list of tangible 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 the Village's behalf.

5. DEBT

Debt outstanding at December 31, 2003 is as follows:

	Principal	Interest Rate
1977 USDA Mortgage Revenue Loans	\$258,200	5.00%
1999 USDA Mortgage Revenue Loan	72,800	4.75%
OWDA Loan - 2000	44,315	3.20%
2003 USDA Mortgage Revenue Loan	7,605	4.25%
	<hr/>	
	\$382,920	

The 1977 and 1999 United States Department of Agriculture (USDA) Rural Development Mortgage Revenue Loans relate to financing improvements to the Village's waterworks system. The Loans will be repaid from the revenues and properties of the water utility, after provisions for the reasonable operating and maintenance expenses thereof. The Loans are to be secured by mortgaging all the properties of the Village used in and directly connected with the operation of the water utility.

The Ohio Water Development Authority Loan – 2000 (OWDA) relates to planning costs for the construction of a new waste water treatment plant. In 2003, the Village entered into a loan agreement with the USDA to finance the painting and maintenance of the Village's water tower. Water user fees collateralize the loan. The Village Council has agreed to set the water rates sufficient to cover the USDA debt service requirements.

**VILLAGE OF WEST FARMINGTON
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(Continued)**

5. DEBT (Continued)

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

Year Ending 31-Dec	1977 Mortgage Revenue Loans	1999 Mortgage Revenue Loan	2003 Mortgage Revenue Loan	OWDA Loan
2004	\$27,710	\$4,258	\$2,055	\$17,168
2005	28,070	4,225	2,180	17,168
2006	28,375	4,187	2,225	13,208
2007	28,625	4,249	2,055	
2008	28,920	4,311		
2009 - 2013	145,625	21,372		
2014 - 2018	65,215	21,478		
2019 - 2023		21,450		
2024 - 2028		21,670		
2029 - 2033		21,709		
2034 - 2038		22,417		
2039 - 2040		4,565		
Total	\$352,540	\$155,891	\$8,515	\$47,544

6. RETIREMENT SYSTEMS

Full-time employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. The plan provides 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 2003, OPERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2003.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

Comprehensive property and general liability;
Vehicles; and
Errors and omissions.

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Village of West Farmington
Trumbull County
P.O. Box 215
West Farmington, Ohio 44491

To the Village Council:

We have audited the financial statements of the Village of West Farmington, Trumbull County, (the Village) as of and for the year ended December 31, 2003, and have issued our report thereon dated April 25, 2006, wherein we noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village because the Auditor of State designed, developed, implemented and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

Compliance

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters that must be reported under *Government Auditing Standards*.

Village of West Farmington
Trumbull County
Independent Accountants Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of management and Village Council. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 25, 2006



**Auditor of State
Betty Montgomery**

88 East Broad Street
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Columbus, Ohio 43216-1140

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800-282-0370

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VILLAGE OF WEST FARMINGTON

TRUMBULL 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 15, 2006**