



**Auditor of State
Betty Montgomery**

VILLAGE OF WEST FARMINGTON
TRUMBULL COUNTY

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**Auditor of State
Betty Montgomery**

REPORT OF INDEPENDENT ACCOUNTANTS

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 (the Village) as of and for the years ended December 31, 2002 and December 31, 2001. 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 *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 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 and reserves for encumbrances of the Village as of December 31, 2002 and December 31, 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2003 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 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.

Village of West Farmington
Trumbull County
Report of Independent Accountants
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This report is intended solely for the information and use of the audit committee, management, Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by 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

March 19, 2003

**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, 2002**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$29,518	\$8,799	\$38,317
Special Assessments		3,663	3,663
Intergovernmental Receipts	15,469	30,231	45,700
Fines, Licenses, and Permits	2,336		2,336
Earnings on Investments	250	190	440
Miscellaneous	9,659		9,659
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	<u>57,232</u>	<u>42,883</u>	<u>100,115</u>
Cash Disbursements:			
Current:			
Security of Persons and Property		17,547	17,547
Leisure Time Activities	7,672		7,672
Community Environment	542		542
Basic Utility Services	14,096		14,096
Transportation		17,704	17,704
General Government	36,085		36,085
Debt Service:			
Principal Payments	14,765	6,486	21,251
Interest Payments	2,403	871	3,274
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	<u>75,563</u>	<u>42,608</u>	<u>118,171</u>
Total Receipts Over/(Under) Disbursements	<u>(18,331)</u>	<u>275</u>	<u>(18,056)</u>
Other Financing Receipts and (Disbursements):			
Proceeds of Bonds	14,096		14,096
Transfers-In		8,935	8,935
Transfers-Out	(8,935)		(8,935)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	<u>5,161</u>	<u>8,935</u>	<u>14,096</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(13,170)	9,210	(3,960)
Fund Cash Balances, January 1	<u>16,361</u>	<u>61,895</u>	<u>78,256</u>
Fund Cash Balances, December 31	<u>\$3,191</u>	<u>\$71,105</u>	<u>\$74,296</u>

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, 2002**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$152,872
Miscellaneous	2,771
	155,643
Total Operating Cash Receipts	155,643
Operating Cash Disbursements:	
Personal Services	51,254
Fringe Benefits	7,500
Contractual Services	39,221
Supplies and Materials	13,803
Other	13,349
	125,127
Total Operating Cash Disbursements	125,127
Operating Income/(Loss)	30,516
Non-Operating Cash Receipts:	
Earnings on Investments	137
Intergovernmental Receipts	14,547
	14,684
Total Non-Operating Cash Receipts	14,684
Non-Operating Cash Disbursements:	
Debt Service	32,214
	32,214
Total Non-Operating Cash Disbursements	32,214
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	12,986
Transfers-In	42,000
Transfers-Out	(42,000)
	12,986
Net Receipts Over/(Under) Disbursements	12,986
Fund Cash Balances, January 1	12,805
Fund Cash Balances, December 31	\$25,791
Reserve for Encumbrances, December 31	\$3,901

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 - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$33,992	\$3,143	\$37,135
Special Assessments		3,524	3,524
Intergovernmental Receipts	15,340	36,031	51,371
Fines, Licenses, and Permits	4,515		4,515
Earnings on Investments	785	493	1,278
Miscellaneous	5,977		5,977
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	60,609	43,191	103,800
Cash Disbursements:			
Current:			
Security of Persons and Property		16,589	16,589
Leisure Time Activities	6,579		6,579
Basic Utility Services	57,670		57,670
Transportation	68	25,020	25,088
Debt Service			
Principal Payments		7,357	7,357
General Government	66,352		66,352
Capital Outlay	1,510		1,510
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	132,179	48,966	181,145
Total Receipts Under Disbursements	<u>(71,570)</u>	<u>(5,775)</u>	<u>(77,345)</u>
Other Financing Receipts and (Disbursements):			
Sale of Bonds or Notes	57,670		57,670
Transfers-In		14,200	14,200
Transfers-Out	(14,200)		(14,200)
Contingencies	(680)	(1,229)	(1,909)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	42,790	12,971	55,761
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(28,780)	7,196	(21,584)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	45,141	54,699	99,840
Fund Cash Balances, December 31	<u>\$16,361</u>	<u>\$61,895</u>	<u>\$78,256</u>

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, 2001**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$129,085
Miscellaneous	1,083
	<u>130,168</u>
Total Operating Cash Receipts	<u>130,168</u>
Operating Cash Disbursements:	
Personal Services	62,646
Fringe Benefits	8,830
Contractual Services	94,516
Supplies and Materials	11,728
Miscellaneous	32
	<u>177,752</u>
Total Operating Cash Disbursements	<u>177,752</u>
Operating Loss	<u>(47,584)</u>
Non-Operating Cash Receipts:	
Intergovernmental Receipts	49,453
Sale of Bonds	25,087
Earnings on Investments	293
	<u>74,833</u>
Total Non-Operating Cash Receipts	<u>74,833</u>
Non-Operating Cash Disbursements:	
Debt Service	(30,601)
Other Financing Uses	(5,671)
	<u>(36,272)</u>
Total Non-Operating Cash Disbursements	<u>(36,272)</u>
Excess of Receipts Under Disbursements Before Interfund Transfers	(9,023)
Transfers-In	34,372
Transfers-Out	(34,372)
	<u>(9,023)</u>
Net Receipts Under Disbursements	<u>(9,023)</u>
Fund Cash Balances, January 1	<u>21,828</u>
Fund Cash Balances, December 31	<u>\$12,805</u>
Reserve for Encumbrances, December 31	<u>\$11,582</u>

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, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of West Farmington, Trumbull County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water and sewer utilities, park operations (leisure time activities), 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 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.

C. Cash and Investments

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

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

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 maintenance of the Village police department.

VILLAGE OF WEST FARMINGTON
TRUMBULL COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(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 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 cost of providing this utility.

Water Debt Service Fund - This fund receives transfers 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 transfers from the Water Fund to be set aside for future repairs to the Water Plant as 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 object level, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. **Estimated Resources**

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

3. **Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law. The budgetary presentations have been adjusted to include material items that should have been encumbered.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. **Property, Plant and Equipment**

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

**VILLAGE OF WEST FARMINGTON
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(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. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2002</u>	<u>2001</u>
<u>Demand deposits</u>	\$100,087	\$91,061

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$80,700	\$71,328	(\$9,372)
Special Revenue	54,150	51,818	(2,332)
Enterprise	198,735	212,327	13,592
Total	\$333,585	\$335,473	\$1,888

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$100,545	\$84,498	\$16,047
Special Revenue	111,684	42,608	69,076
Enterprise	211,541	203,242	8,299
Total	\$423,770	\$330,348	\$93,422

**VILLAGE OF WEST FARMINGTON
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY – (continued)

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$130,881	\$118,279	(\$12,602)
Special Revenue	54,275	57,391	3,116
Enterprise	195,350	239,373	44,023
Total	\$380,506	\$415,043	\$34,537

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$174,964	\$147,059	\$27,905
Special Revenue	102,979	50,195	52,784
Enterprise	212,614	259,978	(47,364)
Total	\$490,557	\$457,232	\$33,325

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Water Works Revenue Fund by \$51,890 for the year ended December 31, 2001. Also Contrary to Ohio law, appropriations exceeded certified resources in the Water Debt Service Fund and the Water Sinking Fund by \$26,949 and \$3,097 at December 31, 2001. Also the Village did not properly certify expenditures throughout 2002 and 2001. The above schedules include material unrecorded encumbrances at 12/31/2002 and 12/31/2001 in the enterprise fund types.

4. PROPERTY TAX

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by Village Council. 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. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

**VILLAGE OF WEST FARMINGTON
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

5. DEBT

Debt outstanding at December 31, 2002 are as follows:

	<u>Principal</u>	<u>Interest Rate</u>
1977 Mortgage Revenue Bonds	\$272,000	5.00%
1999 Mortgage Revenue Bonds	73,600	4.75%
2001 OWDA Loan	63,980	3.20%
Police Vehicle Lease Agreement	6,908	6.50%
Total	<u>\$416,488</u>	

In 1977, Mortgage Revenue Bonds were issued for the improvement of the Villages' waterworks system. The original amount was \$479,500 and is to be repaid over 39 years. In 1999, a debt agreement was entered into by the Village for a \$75,000 Mortgage Revenue Bond to be used for improvements to the water tower. In 2001, the Village leased a police vehicle for \$20,751. The lease is considered a lease purchase obligation. Also in 2001 the Village entered into a loan agreement with the Ohio Water Development Authority (OWDA) to be used for planning costs for the construction of a new waste water treatment plant.

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

	1977 Mortgage Revenue Bonds	1999 Mortgage Revenue Bonds	Lease Purchase Obligation	OWDA Loan
Year ending December 31:				
2003	\$27,400	\$4,196	\$7,357	\$17,168
2004	27,710	4,263		17,168
2005	28,070	4,225		17,168
2006	28,375	4,187		17,168
2007	28,625	4,149		
Subsequent	239,760	139,373		
Total	<u>\$379,940</u>	<u>\$160,393</u>	<u>\$7,357</u>	<u>\$68,672</u>

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 2001 and 2002, 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, 2002.

**VILLAGE OF WEST FARMINGTON
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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



**Auditor of State
Betty Montgomery**

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
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 accompanying financial statements of the Village of West Farmington (the Village) as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated March 19, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 are described in the accompanying schedule of findings as items 2002-31178-001 through 2002-31178-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated March 19, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village'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 do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated March 19, 2003.

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

This report is intended solely for the information and use of the audit committee, management and Village Council, and is not intended to be and should not be used by 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

March 19, 2003

VILLAGE OF WEST FARMINGTON
TRUMBULL COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND DECEMBER 31, 2001

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

FINDING NUMBER 2002-31178-001

Ohio Rev. Code § 5705.41 (B) prohibits a Village from making any expenditure unless it has been properly appropriated.

The Water Works Revenue Enterprise Fund had actual disbursements and unrecorded encumbrances in excess of prior year encumbrances and current year appropriations at December 31, 2001 as stated below:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Water Works Revenue Enterprise Fund	101,328	153,218	(51,890)

The Village should establish control procedures to provide assurance that requirements established by the Ohio Revised Code are adhered to.

FINDING NUMBER 2002-31178-002

Ohio Rev. Code § 5705.39 provides that a subdivision total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

The Water Debt Service and Water Sinking Funds had appropriations in excess of estimated resources at December 31, 2001 as stated below:

<u>Fund</u>	<u>Estimate Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Water Debt Service Fund	3,652	30,601	(26,949)
Water Sinking Fund	2,588	5,685	(3,097)

The Village should establish control procedures to provide assurance that requirements established by the Ohio Revised Code are adhered to.

FINDING NUMBER 2002-31178-003

Ohio Rev. Code § 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 office 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.

This section also provides two exceptions to the above requirements:

- A. 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 resolution within 30 days from the receipt of such certificate.
- B. If the amount involved is less than one thousand dollars the fiscal officer may issue a warrant upon completing a then and now certificate, but may authorize it to be paid without affirmation of the Village Council, if such expenditure is otherwise valid.

Prior certification of funds by the Clerk-Treasurer was not obtained for 72% of the expenditures tested. Purchase orders that were issued by the Village were not properly signed by the Clerk/Treasurer signifying the certification of funds. Also at December 31, 2002 and December 31, 2001 there were material unrecorded encumbrances in the Water Fund that have been reported on financial statements.

The Clerk/Treasurer should ensure that all expenditures for the Village are properly certified through the use of regular, blanket, or super blanket, or through then and now certificates.

**VILLAGE OF WEST FARMINGTON
TRUMBULL COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002 AND DECEMBER 31, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-31178-001	Ohio Rev. Code Section 5705.41(D)— Failure to Certify Funds	No	Not Corrected. Finding reissued as 2002-31178-003.
2000-31178-002	Ohio Rev. Code Section 5705.41(B)— Expenditures exceeding appropriations in the Water III Loan, Waterworks Revenue Bonds, & Interest Sinking Fund	No	Partially Corrected. The cited funds were in compliance in 2001 and 2002. However, the Waterworks Revenue Fund was not in compliance in 2001. See finding 2002-31178-001



**Auditor of State
Betty Montgomery**

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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
MAY 8, 2003**