

***VILLAGE OF WILMOT  
STARK COUNTY, OHIO***

***AUDIT REPORT***

***FOR THE YEARS ENDED DECEMBER 31, 2002 & 2003***

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants**





**Auditor of State  
Betty Montgomery**

Village Council  
Village of Wilmot  
PO Box 192  
Wilmot, Ohio 44689

We have reviewed the Independent Auditor's Report of the Village of Wilmot, Stark County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2002 to December 31, 2003. 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 Wilmot is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

September 16, 2004

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**VILLAGE OF WILMOT**  
**STARK COUNTY, OHIO**  
**Audit Report**  
**For the Years Ended December 31, 2002 & 2003**

**TABLE OF CONTENTS**

<u><b>Title</b></u>	<u><b>Page</b></u>
<b>Table of Contents</b>	<b>i</b>
<b>Report of Independent Accountants</b>	<b>1</b>
<b>Combined Statement of Cash, Investments and Fund Cash Balances - All Fund Types - As of December 31, 2002 and 2003</b>	<b>2</b>
<b>Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Years Ended December 31, 2002 and 2003</b>	<b>3 - 4</b>
<b>Statement of Receipts, Disbursements, and Changes in Fund Cash Balances - All Proprietary Fund Types and Similar Fiduciary Fund - For the Years Ended December 31, 2002 and 2003</b>	<b>5 - 6</b>
<b>Combined Statement of Receipts - Budget and Actual - For the Years Ended December 31, 2002 and 2003</b>	<b>7 - 8</b>
<b>Combined Statement of Disbursements and Encumbrances Compared With Expenditure Authority - For the Years Ended December 31, 2002 and 2003</b>	<b>9 - 10</b>
<b>Notes to the Financial Statements</b>	<b>11 - 19</b>
<b>Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	<b>20</b>
<b>Status of Prior Audit Findings</b>	<b>21</b>

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

**REPORT OF INDEPENDENT ACCOUNTANTS**

Village Council  
Village of Wilmot  
Wilmot, Ohio

We have audited the accompanying financial statements of the Village of Wilmot, Stark County, Ohio (the Village), as of and for the years ended December 31, 2003 and 2002, as listed in the table of contents. 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 a 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 cash, investments and fund cash balances of the Village, as of December 31, 2003 and 2002, and the combined receipts, disbursements, and changes in fund cash balances, its combined statement of receipts-budget and actual and combined statement of disbursements and encumbrances compared with expenditure authority for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 30, 2004 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.

This report is intended solely for the information and use of 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.

***Charles E. Harris & Associates, Inc.***  
July 30, 2004

**VILLAGE OF WILMOT  
STARK COUNTY, OHIO  
COMBINED STATEMENT OF CASH, INVESTMENTS AND FUND  
CASH BALANCES - ALL FUND TYPES  
As of December 31, 2003 & 2002**

	2003 Balance	2002 Balance
Cash and Cash Equivalents	\$ 96,862	\$ 97,111
	\$ 96,862	\$ 97,111

**CASH BALANCES BY FUND CLASS**

**Governmental Fund Types:**

General Fund	\$ 4,879	\$ 16,582
Special Revenue Funds	5,502	4,501
Debt Service Funds	5,857	5,857

**Proprietary Fund Type:**

Enterprise Fund	80,346	70,023
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**Fiduciary Fund Type:**

Agency Fund	278	148
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Total	\$ 96,862	\$ 97,111
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See accompanying Notes to the Financial Statements.

**VILLAGE OF WILMOT**  
**STARK COUNTY, OHIO**  
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN FUND CASH BALANCES**  
**ALL GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

	Governmental Fund Types			Total Memorandum Only
	General	Special Revenue	Debt Service	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$ 98,941	\$ 1,659	-	\$ 100,600
Intergovernmental	11,197	10,993	-	22,190
Fines Licenses & Permits	1,545	102	-	1,647
Earnings on Investments	482	17	-	499
Miscellaneous	1,300	-	-	1,300
<b>Total Cash Receipts</b>	<b>113,465</b>	<b>12,771</b>	<b>-</b>	<b>126,236</b>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons & Property	62,913	-	-	62,913
Public Health Services	885	-	-	885
Leisure Time Activities	541	-	-	541
Community Environment	404	-	-	404
Basic Utility Services	884	-	-	884
Transportation	-	28,106	-	28,106
General Government	32,868	120	-	32,988
Debt Service:				
Principal Payment	-	-	14,756	14,756
Interest and Fiscal Charges	-	-	12,319	12,319
<b>Total Cash Disbursements</b>	<b>98,495</b>	<b>28,226</b>	<b>27,075</b>	<b>153,796</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>14,970</b>	<b>(15,455)</b>	<b>(27,075)</b>	<b>(27,560)</b>
<b>Other Financing Sources/(Uses)</b>				
Transfers-In	-	16,456	27,075	43,531
Transfers-Out	(33,673)	-	-	(33,673)
Advances-In	7,000	-	-	7,000
<b>Total Other Financing Sources/(Uses)</b>	<b>(26,673)</b>	<b>16,456</b>	<b>27,075</b>	<b>16,858</b>
<b>Excess of Cash Receipts And Other Financing Sources Over / (Under) Cash Disbursements And Other Financing Uses</b>	<b>(11,703)</b>	<b>1,001</b>	<b>-</b>	<b>(10,702)</b>
<b>Fund Cash Balance, January 1</b>	<b>16,582</b>	<b>4,501</b>	<b>5,857</b>	<b>26,940</b>
<b>Fund Cash Balance, December 31</b>	<b>\$ 4,879</b>	<b>\$ 5,502</b>	<b>\$ 5,857</b>	<b>\$ 16,238</b>
<b>Reserve for Encumbrances, December 31</b>	<b>\$ 5,014</b>	<b>\$ 2,111</b>	<b>\$ -</b>	<b>\$ 7,126</b>

See accompanying Notes to the Financial Statements.



**VILLAGE OF WILMOT  
STARK COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Types			Total Memorandum Only
	General	Special Revenue	Debt Service	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$ 98,804	\$ 1,636	\$ -	\$ 100,440
Intergovernmental	13,256	10,169	-	23,425
Fines Licenses & Permits	1,280	127	-	1,407
Earnings on Investments	739	30	-	769
Miscellaneous	978	-	-	978
<b>Total Cash Receipts</b>	<b>115,057</b>	<b>11,962</b>	<b>-</b>	<b>127,019</b>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons & Property	80,372	1,673	-	82,045
Public Health Services	882	-	-	882
Leisure Time Activities	705	-	-	705
Community Environment	1,702	-	-	1,702
Basic Utility Services	1,040	-	-	1,040
Transportation	-	18,528	-	18,528
General Government	36,060	120	-	36,180
Debt Service:				
Principal Payment	-	-	13,906	13,906
Interest and Fiscal Charges	-	-	8,020	8,020
<b>Total Cash Disbursements</b>	<b>120,761</b>	<b>20,321</b>	<b>21,926</b>	<b>163,008</b>
Total Receipts Over/(Under) Disbursements	(5,704)	(8,359)	(21,926)	(35,989)
<b>Other Financing Sources/(Uses)</b>				
Transfers-In	(17,246)	-	-	(17,246)
Transfers-Out	-	5,018	21,926	26,944
Advances-In	8,000	-	-	8,000
<b>Total Other Financing Sources/(Uses)</b>	<b>(9,246)</b>	<b>5,018</b>	<b>21,926</b>	<b>17,698</b>
Excess of Cash Receipts And Other Financing Sources Over / (Under) Cash Disbursements And Other Financing Uses	(14,950)	(3,341)	-	(18,291)
Fund Cash Balance, January 1	\$ 31,532	\$ 7,842	\$ 5,857	\$ 45,231
<b>Fund Cash Balance, December 31</b>	<b>\$ 16,582</b>	<b>\$ 4,501</b>	<b>\$ 5,857</b>	<b>\$ 26,940</b>
<b>Reserve for Encumbrances, December 31</b>	<b>\$ 3,616</b>	<b>\$ 188</b>	<b>\$ -</b>	<b>\$ 3,804</b>

See accompanying Notes to the Financial Statements.

**VILLAGE OF WILMOT**  
**STARK COUNTY, OHIO**  
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN FUND CASH BALANCES**  
**ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Total Memorandum Only</u>
	<u>Enterprise Fund</u>	<u>Agency Fund</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 74,572	\$ 2,235	\$ 76,807
<b>Operating Cash Disbursements:</b>			
Personal Services	20,039	-	20,039
Employee Fringe Benefits	3,923	-	3,923
Contractual Services	16,157	-	16,157
Supplies & Materials	4,894	-	4,894
Capital Outlay	1,402	-	1,402
Miscellaneous	976	1,647	2,623
Total Operating Cash Disbursements	<u>47,391</u>	<u>1,647</u>	<u>49,038</u>
<b>Operating Income/(Loss)</b>	<b>27,181</b>	<b>588</b>	<b>27,769</b>
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Cash Disbursements	<u>-</u>	<u>(458)</u>	<u>(458)</u>
Excess of Receipts Over Disbursements Before Transfers	27,181	130	27,311
Transfers-In	354	-	354
Transfers-Out	(10,212)	-	(10,212)
Advances-Out	<u>(7,000)</u>	<u>-</u>	<u>(7,000)</u>
Net Receipts Over Disbursements	10,323	130	10,453
Fund Cash Balance, January 1	<u>70,023</u>	<u>148</u>	<u>70,171</u>
<b>Fund Cash Balance, December 31</b>	<b>\$ <u>80,346</u></b>	<b>\$ <u>278</u></b>	<b>\$ <u>80,624</u></b>
<b>Reserve for Encumbrances, December 31</b>	<b>\$ <u>6,768</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>6,768</u></b>

See accompanying Notes to the Financial Statements.

**VILLAGE OF WILMOT  
STARK COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Total Memorandum Only</u>
	<u>Enterprise Fund</u>	<u>Agency Fund</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 77,899	\$ 1,841	\$ 79,740
<b>Operating Cash Disbursements:</b>			
Personal Services	18,490	-	18,490
Employee Fringe Benefits	3,248	-	3,248
Contractual Services	13,061	-	13,061
Supplies & Materials	7,125	-	7,125
Capital Outlay	-	-	-
Miscellaneous	2,162	1,436	3,598
Total Operating Cash Disbursements	<u>44,086</u>	<u>1,436</u>	<u>45,522</u>
<b>Operating Income/(Loss)</b>	<b>33,813</b>	<b>405</b>	<b>34,218</b>
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Cash Disbursements	<u>-</u>	<u>(420)</u>	<u>(420)</u>
Excess of Receipts Over Disbursements Before Transfers	33,813	(15)	33,798
Transfers-In	514	-	514
Transfers-Out	(10,212)	-	(10,212)
Advances-Out	<u>(8,000)</u>	<u>-</u>	<u>(8,000)</u>
Net Receipts Over Disbursements	16,115	(15)	16,100
Fund Cash Balance, January 1	<u>53,908</u>	<u>163</u>	<u>54,071</u>
<b>Fund Cash Balance, December 31</b>	<b>\$ <u>70,023</u></b>	<b>\$ <u>148</u></b>	<b>\$ <u>70,171</u></b>
<b>Reserve for Encumbrances, December 31</b>	<b>\$ <u>5,950</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>5,950</u></b>

See accompanying Notes to the Financial Statements.

**VILLAGE OF WILMOT**  
**STARK COUNTY, OHIO**  
**COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2003**

<u>Fund Types/Funds:</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
<b><u>Governmental Fund Types:</u></b>			
General Fund	\$ 151,425	\$ 120,465	\$ (30,960)
Special Revenue	32,195	29,227	(2,968)
Debt Service	21,926	27,075	5,149
<b><u>Proprietary Fund Types:</u></b>			
Enterprise Funds	80,620	74,926	(5,694)
<b><u>Fiduciary Fund Types:</u></b>			
Agency Funds	-	2,235	2,235
<b>Total (Memorandum Only)</b>	<b>\$ 286,166</b>	<b>\$ 253,928</b>	<b>\$ (32,238)</b>

See Accompanying Notes to the Financial Statements.

**VILLAGE OF WILMOT**  
**STARK COUNTY, OHIO**  
**COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2002**

<u>Fund Types/Funds:</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
<b><u>Governmental Fund Types:</u></b>			
General Fund	\$ 151,276	\$ 123,057	\$ (28,219)
Special Revenue	29,102	16,980	(12,122)
Debt Service	21,926	21,926	-
<b><u>Proprietary Fund Types:</u></b>			
Enterprise Funds	78,150	78,413	263
<b><u>Fiduciary Fund Types:</u></b>			
Agency Funds	<u>6,335</u>	<u>1,841</u>	<u>(4,494)</u>
<b>Total (Memorandum Only)</b>	<b>\$ <u>286,789</u></b>	<b>\$ <u>242,217</u></b>	<b>\$ <u>(44,572)</u></b>

See Accompanying Notes to the Financial Statements.

VILLAGE OF WILMOT  
 STARK COUNTY, OHIO  
 COMBINED STATEMENT OF DISBURSEMENTS AND  
 ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY  
 For the Year Ended December 31, 2003

<u>Fund Types/Funds</u>	<u>Carryover Appropriations</u>	<u>Year Ending 2003 Appropriations</u>	<u>Total</u>	<u>Actual 2003 Disbursements</u>	<u>Encumbrances as of 12/31/03</u>	<u>Total</u>	<u>Variance Favorable/ (Unfavorable)</u>
<b>Governmental Funds:</b>							
General Fund	\$ 3,616	\$ 164,391	\$ 168,007	\$ 132,168	\$ 5,014	\$ 137,182	\$ 30,825
Special Revenue Funds	188	34,900	35,088	28,226	2,111	30,337	4,751
Debt Service Fund	-	21,926	21,926	27,075	-	-	21,926
<b>Proprietary Funds:</b>							
Enterprise Funds	5,950	133,305	139,255	64,603	6,768	71,371	67,884
<b>Fiduciary Funds:</b>							
Agency Funds	-	-	-	1,647	-	1,647	(1,647)
<b>Total (Memorandum Only)</b>	<b>\$ 9,754</b>	<b>\$ 354,522</b>	<b>\$ 364,276</b>	<b>\$ 253,719</b>	<b>\$ 13,893</b>	<b>\$ 240,537</b>	<b>\$ 123,739</b>

See accompanying Notes to the Financial Statements.

VILLAGE OF WILMOT  
 STARK COUNTY, OHIO  
 COMBINED STATEMENT OF DISBURSEMENTS AND  
 ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY  
 For the Year Ended December 31, 2002

<u>Fund Types/Funds</u>	<u>Carryover Appropriations</u>	<u>Year Ending 2002 Appropriations</u>	<u>Total</u>	<u>Actual 2002 Disbursements</u>	<u>Encumbrances as of 12/31/02</u>	<u>Total</u>	<u>Variance Favorable/ (Unfavorable)</u>
<b>Governmental Funds:</b>							
General Fund	\$ 9,037	\$ 173,771	\$ 182,808	\$ 138,007	\$ 3,616	\$ 141,623	\$ 41,185
Special Revenue Funds	86	31,900	31,986	20,321	188	20,509	11,477
Debt Service Fund	-	21,926	21,926	21,926	-	-	21,926
<b>Proprietary Funds:</b>							
Enterprise Funds	2,033	102,675	104,708	62,298	5,950	68,248	36,460
<b>Fiduciary Funds:</b>							
Agency Funds	-	-	-	1,436	-	1,436	(1,436)
<b>Total (Memorandum Only)</b>	<b>\$ 11,156</b>	<b>\$ 330,272</b>	<b>\$ 341,428</b>	<b>\$ 243,988</b>	<b>\$ 9,754</b>	<b>\$ 231,816</b>	<b>\$ 109,612</b>

See accompanying Notes to the Financial Statements.

**VILLAGE OF WILMOT  
STARK COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2002 and 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE ENTITY**

The Village of Wilmot, (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 governmental services, including sewer, electric utilities, park operations (leisure time activities), and police services. The Village contracts with Wilmot Fire and Rescue to provide fire and rescue services.

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. REPORTING ENTITY**

In evaluating how to define the Village for financial reporting purposes, management has considered all agencies, departments and organizations making up the Village of Wilmot (the primary government) and its potential component units consistent with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." There were no significant changes in the reporting entity related to the implementation of this statement for the current audit period.

Component units are legally separate organizations for which the Village, as the primary government, is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and 1) the Village is able to significantly influence the programs or services performed or provided by the organization; or 2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Village is obligated for the debt of the organization. Component units may also include organizations for which the Village approves the budget, the issuance of debt, or the levying of taxes.

Based on the above definitions, the Village has determined that there were no component units required to be included in the financial statements.

**C. 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 disbursement 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.)

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

**D. INVESTMENTS AND INACTIVE FUNDS**

Investment procedures are restricted by the provisions of the Ohio Revised Code. Purchased investments are valued at purchase cost. Interest earned is recognized and recorded when received. See Note 2 for further description.



**VILLAGE OF WILMOT  
STARK COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2002 and 2003**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

E. **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:

**Governmental Fund Types:**

**General Fund:** The General Fund is 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:** To account for the proceeds of specific revenue sources that are legally restricted to disbursements for specified purposes.

**Debt Service Fund:** This fund is used to accumulate resources for the payment of bond and note debt.

**Proprietary Fund Types:**

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

**Agency Funds:** This fund is to account for operations where the Village is acting in an agency capacity.

F. **BUDGETARY PROCESS**

1. **Budget**

A budget of estimated cash receipts and disbursements is prepared by the Clerk/Treasurer, approved by Council, and submitted to the county auditor, as secretary of the County Budget Commission, by July 15 of each year, for the period January 1 to December 31 of the following year.

2. **Estimated Resources**

The county auditor calculates the estimated revenues available to the Village. She 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 Treasurer.

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.

**VILLAGE OF WILMOT  
STARK COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2002 and 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

**F. BUDGETARY PROCESS (continued)**

**2. Estimated Resources (continued)**

On or about January 1, the Clerk/Treasurer 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 decreases in revenue are identified by the Clerk/Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificates issued during 2002 and 2003.

Budget receipts, as shown in the accompanying financial statements, do not include the unencumbered fund balances as of January 1, 2002 and 2003. However, those fund balances are available for appropriations.

**3. Appropriations**

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. Appropriations may not exceed estimated resources.

The legal level of budgetary control is at the object level in all funds. Any budgetary modifications at this level may only be made by ordinance of the Village Council.

**4. 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. Unencumbered appropriations lapse at year end.

Encumbered appropriations are carried forward to the succeeding fiscal year without being re-appropriated. In the budgetary financial statements, encumbrances are added to budgetary expenditures and compared to current year appropriations plus prior year carry-over appropriations.

**G. 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.

**H. Unpaid Vacation and Sick Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid vacation and sick leave are not reflected as liabilities on the accompanying financial statements.

**VILLAGE OF WILMOT  
STARK COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2002 and 2003**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

I. **Total Columns on Financial Statements**

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

2. **EQUITY IN POOLED CASH AND CASH EQUIVALENTS**

The Village maintains a cash and investment pool used by all funds. The balance of this pool is displayed on the "Combined Statement of Cash, Investments, and Fund Cash Balances - All Fund Types, As of December 31, 2003 and 2002."

**Legal Requirements**

State statutes classify monies held by the Village into three categories.

"Active deposits" are public deposits necessary to meet current demands on the treasury. Such monies 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.

"Inactive deposits" are public deposits that Council has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

"Interim deposits" are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts. Interim monies may be invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligations or security issued by the United States treasury or any other obligations 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 services 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 term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio;

**VILLAGE OF WILMOT  
STARK COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2002 and 2003**

2. **EQUITY IN POOLED CASH AND CASH EQUIVALENTS** - (continued)

**Legal Requirements** - (continued)

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

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 be purchased within 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, if the securities are not representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

The following information classifies deposits and investments by categories of risk as defined by GASB Statement No.3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

**Deposits:**

At year end, the carrying amount of the Village's deposits were \$69,296 in 2003 and \$69,667 in 2002 and the bank balance was \$79,939 in 2003 and \$85,495 in 2002. Of the bank balance, all was covered by the Federal Depository Insurance Corporation (FDIC), in 2003 and 2002.

**Investments:**

The Village's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Village. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Village's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or by its trust department but not in the Village's name. Star Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

**VILLAGE OF WILMOT  
STARK COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2002 and 2003**

**2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (continued)**

The following list represents all investments of the Village, categorized by risk category using the definitions above as of December 31, 2002 and 2003.

2003	Fair Value
STAR Ohio - uncategorized	\$ 27,566
Total	\$ 27,566

2002	Fair Value
STAR Ohio - uncategorized	\$ 27,444
Total	\$ 27,444

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Cash and cash equivalents are defined to include investments with original maturities of three months or less and cash and investments of the cash management pool.

A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB 3 is as follows:

2003	Cash and Cash Equivalents	Investments
GASB Statement 9	\$ 96,862	\$ -
STAR Ohio	(27,566)	27,566
GASB Statement 3	\$ 69,296	\$ 27,566

  

2003	Cash and Cash Equivalents	Investments
GASB Statement 9	\$ 97,111	\$ -
STAR Ohio	(27,444)	27,444
GASB Statement 3	\$ 69,667	\$ 27,444

**VILLAGE OF WILMOT  
STARK COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2002 and 2003**

**3. PROPERTY TAX**

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.

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.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost.

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

**4. LOCAL INCOME TAX**

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

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

**5. DEBT**

Debt activity for the year ended December 31, 2002 was as follows:

	Balance 1/1/2002	Additions	Deletions	Balance 1/1/2002
Water System Improvement Bond	\$ 75,569	\$ -	\$ (5,771)	\$ 69,798
Town Hall Remodeling Bond	57,120	-	(8,135)	48,985
	<u>\$ 132,689</u>	<u>\$ -</u>	<u>\$ (13,906)</u>	<u>\$ 118,783</u>

Debt Activity for the year ended December 31, 2003 was as follows:

	Balance 1/1/2002	Additions	Deletions	Balance 1/1/2002
Water System Improvement Bond	\$ 69,798	\$ -	\$ (6,111)	\$ 63,687
Town Hall Remodeling Bond	48,985	-	(8,645)	40,340
	<u>\$ 118,783</u>	<u>\$ -</u>	<u>\$ (14,756)</u>	<u>\$ 104,027</u>

**VILLAGE OF WILMOT  
STARK COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2002 and 2003**

**5. DEBT (continued)**

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2003 are as follows:

<u>Year Ending December 31:</u>	<u>Water System Improvement Bonds</u>	<u>Town Hall Bonds</u>
2004	\$ 10,212	\$ 11,714
2005	10,212	11,714
2006	10,212	11,714
2007	10,212	11,714
2008	10,212	-
Subsequent	30,636	-
Total	<u>\$ 81,696</u>	<u>\$ 46,856</u>

**6. RISK MANAGEMENT**

**Risk Pool Membership**

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible. The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

**7. RETIREMENT SYSTEMS**

The Ohio Public Employees Retirement System (OPERS) is a state operated, cost sharing, multiple employer public employee retirement system. OPERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. OPERS also provides survivor and disability benefits to vested employees.

Contributions rates are prescribed by the Ohio Revised Code. The Village's OPERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% for 2002 and 2003 of participant's gross salaries. The Village has paid all contributions required through December 31, 2003.

**VILLAGE OF WILMOT  
STARK COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2002 and 2003**

**8. CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State of Ohio. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects, to be immaterial.

The Village may be a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the village management, the resolution of these matters will not have a material adverse effect on the financial condition of the government.



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

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Village Council  
Village of Wilmot  
Wilmot, Ohio

We have audited the financial statements of The Village of Wilmot, Stark County, Ohio, (the Village) as and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated July 30, 2004. 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 test disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Controls 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.

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

***Charles E. Harris & Associates, Inc.***  
**July 30, 2004**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2001-31276-001	Ohio Rev. Code Section 5705.41(D) – Certifying funds after the incurrence of obligation	yes	Finding No Longer Valid.



**Auditor of State  
Betty Montgomery**

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**VILLAGE OF WILMOT**

**STARK 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 28, 2004**