

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

Financial Statements
(Audited)

For The Year Ended
December 31, 2002

SHARON PINNICK, CLERK/TREASURER



**Auditor of State
Betty Montgomery**

Village Council
Village of Farmersville
44 Maple Street
Farmersville, OH 45325

We have reviewed the Independent Auditor's Report of the Village of Farmersville, Montgomery County, prepared by Trimble, Julian & Grube, for the audit period January 1, 2002 through December 31, 2002. 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.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

April 10, 2003

This Page is Intentionally Left Blank.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report.....	1
Combined Statement of Cash Fund Balances - All Fund Types - December 31, 2002	2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - All Governmental Fund Types - For The Year Ended December 31, 2002	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - Proprietary Fund Type - For The Year Ended December 31, 2002	4
Combined Statement of Cash Receipts, Cash Disbursements, and Encumbrances Compared with Expenditure Authority - Budget and Actual - For The Year Ended December 31, 2002	5
Notes to the Financial Statements.....	6 - 15
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>	16 - 17
Schedule of Findings.....	18

This Page is Intentionally Left Blank.

TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

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, 2002. 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 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 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 accounting principles generally accepted in the United States of America.

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, 2002, 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 March 24, 2003, 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.
March 24, 2003

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND
BALANCES - ALL FUND TYPES -
DECEMBER 31, 2002

<u>Cash and Cash Equivalents</u>	<u>2002</u>
Cash and Cash Equivalents	<u>\$ 277,309</u>
Total Cash and Cash Equivalents	<u><u>\$ 277,309</u></u>
<u>Fund Balances</u>	
<u>Governmental Fund Types:</u>	
General Fund	\$ 57,097
Special Revenue Funds	<u>90,157</u>
Total Governmental Fund Types	<u>147,254</u>
<u>Proprietary Fund Type:</u>	
Enterprise Funds	<u>130,055</u>
Total Fund Balances	<u><u>\$ 277,309</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, 2002

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Local taxes	\$ 122,865	\$ 67,907	\$ -	\$ 190,772
Intergovernmental	37,330	43,719	-	81,049
Special assessments	-	18,106	-	18,106
Charges for services	3,612	-	-	3,612
Fines, licenses, and permits	1,975	-	-	1,975
Interest	2,929	238	-	3,167
Miscellaneous	807	-	-	807
Total cash receipts	<u>169,518</u>	<u>129,970</u>	<u>-</u>	<u>299,488</u>
Cash disbursements:				
Current:				
Security of persons and property	40,874	56,513	-	97,387
Transportation	-	48,131	-	48,131
General government	121,412	1,778	-	123,190
Capital outlay	59,570	2,669	1,411	63,650
Debt service:				
Principal retirement	30,000	1,963	-	31,963
Interest charges	-	4,474	-	4,474
Total cash disbursements	<u>251,856</u>	<u>115,528</u>	<u>1,411</u>	<u>368,795</u>
Total cash receipts over/(under) cash disbursements	<u>(82,338)</u>	<u>14,442</u>	<u>(1,411)</u>	<u>(69,307)</u>
Other financing receipts/(disbursements):				
Proceeds from sale of notes	55,000	-	-	55,000
Operating Transfers In	-	45,000	-	45,000
Operating transfers out	(45,000)	-	-	(45,000)
Total other financing receipts/(disbursements)	<u>10,000</u>	<u>45,000</u>	<u>-</u>	<u>55,000</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(72,338)	59,442	(1,411)	(14,307)
Cash fund balances, January 1, 2002	<u>129,435</u>	<u>30,715</u>	<u>1,411</u>	<u>161,561</u>
Cash fund balances, December 31, 2002	<u>\$ 57,097</u>	<u>\$ 90,157</u>	<u>\$ -</u>	<u>\$ 147,254</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 - PROPRIETARY FUND TYPE -
FOR THE YEAR ENDED DECEMBER 31, 2002

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 306,559
Other miscellaneous	3,018
Total operating cash receipts	309,577
Operating cash disbursements:	
Personal services	62,503
Employee fringe benefits	20,953
Contractual services	100,963
Supplies and material	34,355
Capital outlay	17,495
Total operating cash disbursements	236,269
Operating income	73,308
Nonoperating cash disbursements:	
Debt service:	
Principal	(33,470)
Interest	(15,038)
Total nonoperating cash disbursements	(48,508)
Net income	24,800
Cash fund balances, January 1, 2002	105,255
Cash fund balances, December 31, 2002	\$ 130,055

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, 2002

Fund Types	Receipts				Disbursements						Variance Favorable (Unfavorable)	
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2002 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2002 Appropriations	Total	Actual 2002 Disbursements	Encumbrances Outstanding at 12/31/02		Total
Governmental:												
General	\$ 129,435	\$ 176,473	\$ 305,908	\$ 224,518	\$ 48,045	\$ -	\$ 328,677	\$ 328,677	\$ 296,856	\$ -	\$ 296,856	\$ 31,821
Special Revenue	30,715	161,338	192,053	174,970	13,632	-	131,134	131,134	115,528	14	115,542	15,592
Capital Projects	1,411	-	1,411	-	-	-	1,411	1,411	1,411	-	1,411	-
Proprietary:												
Enterprise	105,255	300,952	406,207	309,577	8,625	-	346,606	346,606	284,777	-	284,777	61,829
Total (Memorandum Only)	\$ 266,816	\$ 638,763	\$ 905,579	\$ 709,065	\$ 70,302	\$ -	\$ 807,828	\$ 807,828	\$ 698,572	\$ 14	\$ 698,586	\$ 109,242

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, 2002

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, 2002

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

The Village had the following significant special revenue funds:

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.

Police Operating Levy – 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 pay Jackson Township for police protection services.

Capital Projects Funds

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 the following significant capital projects fund:

Park Construction Grant – This fund received grant funds from Ohio Department of Natural Resources in previous years. This fund is used to make improvements to the Village Park.

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.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

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

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. 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. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

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

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.

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 supplemental appropriations during the year ended December 31, 2002.

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 an outstanding encumbrance at December 31, 2002.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

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

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 \$3,167 for the year ended December 31, 2002.

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.

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. UNPAID VACATION AND SICK LEAVE

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

H. 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.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 3 - COMPLIANCE

In noncompliance with Ohio Revised Code Section 5705.39, the following fund had appropriations in excess of estimated resources for the year ended December 31:

<u>Fund Type/Fund</u>	<u>Resources</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund	\$ 305,908	\$ 328,677	\$ (22,769)

NOTE 4 - INTERFUND TRANSACATIONS

The Village had the following interfund transactions for the year ended December 31, 2002:

<u>Fund Type/Fund</u>	<u>Transfer Out</u>	<u>Transfer In</u>
General Fund	\$ 45,000	\$ -
<u>Special Revenue Fund</u>		
Street Construction, Maintenance & Repair	-	45,000
Total	<u>\$ 45,000</u>	<u>\$ 45,000</u>

The transfer in the current year was made in accordance with the Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 5 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

Deposits: Demand deposits	\$ 225,713
Investments:	
Investments in STAR Ohio	<u>51,596</u>
Total Cash and Cash Equivalents	<u>\$ 277,309</u>

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

Investments: Investments in STAR Ohio are not endorsed by securities that exist in physical or book-entry form. Investments in STAR Ohio is valued at amounts reported by the State Treasurer. Investments are reported as assets. Accordingly, purchase of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements respectively.

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 \$63,043 in 2002.

NOTE 7 - 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.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 7 - PROPERTY TAX – (Continued)

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 8 - DEBT OBLIGATIONS

At December 31, 2002, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at 12/31/2002</u>
2002 Note with a private party to purchase land, due in 2003, bearing no interest.	\$ 25,000
2000 US Bank bonds for various purposes due in annual installments of \$13,679 through 2019 bearing interest at 6.56%.	137,982
1998 Ohio Water Development Authority (OWDA) note for water improvements due in semi-annual installments of \$10,202 through 2014 bearing interest at 5.66%.	168,996
1998 Ohio Public Works Commission (OPWC) note for water improvements, due in semi-annual installments of \$7,368 through 2018, bearing no interest.	228,421
1992 OPWC note for sewer improvements, due in semi-annual installments of \$3,175, due in 2012, bearing no interest.	<u>63,500</u>
Total debt obligations at December 31, 2002	<u>\$ 623,899</u>

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 8 - DEBT OBLIGATIONS – (Continued)

Transactions for the year ended December 31, 2002, are summarized as follows:

	Balance at 12/31/2001	Proceeds	Retirements	Balance at 12/31/2002
Note - Private - 2002	\$ -	\$ 55,000	\$ (30,000)	\$ 25,000
Bonds - US Bank - 2000	142,072	-	(4,090)	137,982
Note - OWDA - 1998	179,253	-	(10,257)	168,996
Note - OPWC - 1998	243,157	-	(14,736)	228,421
Note - OPWC - 1992	<u>69,850</u>	<u>-</u>	<u>(6,350)</u>	<u>63,500</u>
Total Notes	<u>\$ 634,332</u>	<u>\$ 55,000</u>	<u>\$ (65,433)</u>	<u>\$ 623,899</u>

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2002, are as follows:

Year Ending December 31,	2002	2000		1998		1998	1992
	Note - Private Principal	Bonds - US Bank Principal Interest		Note - OWDA Principal Interest		Note - OPWC Principal	Note - OPWC Principal
2003	\$ 25,000	\$ 4,644	\$ 9,035	\$ 10,839	\$ 9,565	\$ 14,736	\$ 6,350
2004	-	4,949	8,730	11,452	8,952	14,736	6,350
2005	-	5,274	8,405	12,095	8,309	14,736	6,350
2006	-	5,620	8,059	12,786	7,618	14,736	6,350
2007	-	5,968	7,711	13,500	6,904	14,736	6,350
2008 - 2012	-	36,373	32,022	79,916	22,104	73,680	31,750
2013 - 2017	-	49,980	18,415	28,408	12,400	73,680	-
2018 - 2020	<u>-</u>	<u>25,174</u>	<u>2,453</u>	<u>-</u>	<u>-</u>	<u>7,381</u>	<u>-</u>
TOTALS	<u>\$ 25,000</u>	<u>\$ 137,982</u>	<u>\$ 94,830</u>	<u>\$ 168,996</u>	<u>\$ 75,852</u>	<u>\$ 228,421</u>	<u>\$ 63,500</u>

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 9 - 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 2002, 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, 2002 the Village had no unpaid liability for PERS.

NOTE 10 - RISK MANAGEMENT

In 2002, 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 11 - CONTINGENT LIABILITY

LITIGATION

The Village is involved in litigation. The Village's management and its legal counsel have determined that the outcome is not determinable.

TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *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, 2002, and have issued our report thereon dated March 24, 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 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2002-VOF-001.

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 March 24, 2003.

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.
March 24, 2003

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002**

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

Finding Number	2002-VOF-001
----------------	--------------

Ohio Revised Code Section 5705.39 requires that no subdivision is to appropriate more monies than estimated resources.

It was noted during the audit that for the year ended December 31, 2002, the Village had appropriations exceeding estimated resources in the following fund:

<u>Fund Type/Fund</u>	<u>Resources</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund	\$ 305,908	\$ 328,677	\$ (22,769)

With appropriations exceeding estimated resources, the Village is unlawfully appropriating monies and thus could cause a negative fund balance.

We recommend that the Village comply with the Ohio Revised Code by monitoring appropriations so they do not exceed estimated resources. This may be achieved by monitoring the budget more closely on a continued basis and amending estimated resources or appropriations as necessary.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

VILLAGE OF FARMERSVILLE

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
MAY 8, 2003**