

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

Financial Statements
(Audited)

For The Years Ended
December 31, 2011 and 2010

AMY SCHENCK, FISCAL OFFICER



Dave Yost • Auditor of State

Village Council
Village of Farmersville
115 Walnut Street
Farmersville, OH 45325

We have reviewed the *Independent Accountants' Report* of the Village of Farmersville, Montgomery County, prepared by Julian & Grube, Inc., for the audit period January 1, 2010 through December 31, 2011. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

May 2, 2012

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**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Accountants' Report

Village of Farmersville
115 Walnut Street
Farmersville, OH 45325

To the Members of Council and Mayor:

We have audited the accompanying financial statements of the Village of Farmersville, Montgomery County, Ohio, as of and for the years ended December 31, 2011 and 2010. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 2B, the Village of Farmersville has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village of Farmersville's larger (i.e. major) funds separately. While the Village of Farmersville does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village of Farmersville has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported to its non-GAAP basis is in the second following paragraph.

Village of Farmersville
Independent Accountants' Report
Page Two

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Farmersville as of December 31, 2011 and 2010, or its changes in financial position or cash flows, where applicable, for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Farmersville, Montgomery County, Ohio as of December 31, 2011 and 2010, and its combined cash receipts and disbursements and combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances for the years then ended.

As described in Note 2, during 2011, the Village of Farmersville adopted Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2012, 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 agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Julian & Grube, Inc.
March 12, 2012

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

COMBINED STATEMENT OF FUND CASH BALANCES
ALL FUND TYPES
DECEMBER 31, 2011 AND DECEMBER 31, 2010

<u>Cash and Cash Equivalents</u>	2011	2010
Cash and Cash Equivalents	\$ 343,050	\$ 362,478
Total Cash and Cash Equivalents	\$ 343,050	\$ 362,478
<u>Fund Cash Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 125,290	\$ 126,612
Special Revenue Funds	20,201	33,121
Capital Projects Funds	-	11,524
Total Governmental Fund Types	145,491	171,257
<u>Proprietary Fund Type:</u>		
Enterprise Funds	197,559	191,221
Total Fund Cash Balances	\$ 343,050	\$ 362,478

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 FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Local taxes	\$ 84,047	\$ 66,366	\$ -	\$ 150,413
Income tax	152,445	-	-	152,445
Intergovernmental	38,674	61,245	534,920	634,839
Special assessments	-	21,301	-	21,301
Charges for services	3,600	-	-	3,600
Fines, licenses, and permits	5,559	-	-	5,559
Interest	1	1	-	2
Miscellaneous	5,363	2,706	-	8,069
Total cash receipts	<u>289,689</u>	<u>151,619</u>	<u>534,920</u>	<u>976,228</u>
Cash disbursements:				
Current:				
Security of persons and property	41,000	76,360	-	117,360
Basic utility services	7,829	-	-	7,829
Transportation	-	88,989	1,059	90,048
General government	165,512	1,626	-	167,138
Capital outlay	10,157	-	589,398	599,555
Debt service:				
Principal retirement	-	11,808	-	11,808
Interest	-	3,256	-	3,256
Total cash disbursements	<u>224,498</u>	<u>182,039</u>	<u>590,457</u>	<u>996,994</u>
Total cash receipts (under)/over cash disbursements	<u>65,191</u>	<u>(30,420)</u>	<u>(55,537)</u>	<u>(20,766)</u>
Other financing receipts/(disbursements):				
Operating transfers in	27,624	17,500	71,637	116,761
Operating transfers out	(94,137)	-	(27,624)	(121,761)
Advances in	20,000	-	-	20,000
Advances out	(20,000)	-	-	(20,000)
Total other financing receipts/(disbursements)	<u>(66,513)</u>	<u>17,500</u>	<u>44,013</u>	<u>(5,000)</u>
Net change in fund cash balances	(1,322)	(12,920)	(11,524)	(25,766)
Fund cash balances, January 1, 2011	<u>126,612</u>	<u>33,121</u>	<u>11,524</u>	<u>171,257</u>
Fund cash balances:				
Restricted	-	20,201	-	20,201
Assigned	7,002	-	-	7,002
Unassigned	118,288	-	-	118,288
Fund cash balances, December 31, 2011	<u>\$ 125,290</u>	<u>\$ 20,201</u>	<u>\$ -</u>	<u>\$ 145,491</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 FUND
CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2011

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 376,876
Other miscellaneous	2,402
Total operating cash receipts	379,278
Operating cash disbursements:	
Personal services	56,854
Employee fringe benefits	27,339
Contractual services	140,866
Supplies and material	70,522
Total operating cash disbursements	295,581
Operating income	83,697
Nonoperating cash receipts/(disbursements):	
Intergovernmental receipts	95,582
Miscellaneous receipts	5,070
Capital outlay	(117,960)
Debt service:	
Principal	(54,509)
Interest	(10,542)
Total nonoperating cash receipts/(disbursements)	(82,359)
Income before operating transfers and advances	1,338
Transfers in	5,000
Advances in	20,000
Advances out	(20,000)
Net change in fund cash balances	6,338
Fund cash balances, January 1, 2011	191,221
Fund cash balances, December 31, 2011	\$ 197,559

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, 2011

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2011 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2011 Appropriations	Total	Actual 2011 Disbursements	Encumbrances Outstanding at 12/31/11	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 126,612	\$ 285,268	\$ 411,880	\$ 337,313	\$ 52,045	\$ -	\$ 389,724	\$ 389,724	\$ 338,635	\$ 4,800	\$ 343,435	\$ 46,289
Special Revenue	33,121	180,780	213,901	169,119	(11,661)	-	192,448	192,448	182,039	-	182,039	10,409
Capital Projects	11,524	623,025	634,549	606,557	(16,468)	-	634,004	634,004	618,081	-	618,081	15,923
Proprietary:												
Enterprise	191,221	610,728	801,949	504,930	(105,798)	-	668,614	668,614	498,592	-	498,592	170,022
Total												
(Memorandum Only)	<u>\$ 362,478</u>	<u>\$ 1,699,801</u>	<u>\$ 2,062,279</u>	<u>\$ 1,617,919</u>	<u>\$ (81,882)</u>	<u>\$ -</u>	<u>\$ 1,884,790</u>	<u>\$ 1,884,790</u>	<u>\$ 1,637,347</u>	<u>\$ 4,800</u>	<u>\$ 1,642,147</u>	<u>\$ 242,643</u>

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Local taxes	\$ 85,330	\$ 66,570	\$ -	\$ 151,900
Income tax	154,697	-	-	154,697
Intergovernmental	41,727	63,666	158,329	263,722
Special assessments	823	41,424	-	42,247
Charges for services	600	-	-	600
Fines, licenses, and permits	5,321	-	-	5,321
Interest	1,941	194	-	2,135
Miscellaneous	2,022	1,750	2,078	5,850
Total cash receipts	<u>292,461</u>	<u>173,604</u>	<u>160,407</u>	<u>626,472</u>
Cash disbursements:				
Current:				
Security of persons and property	38,672	77,039	-	115,711
Transportation	-	92,523	9,164	101,687
General government	154,626	2,472	-	157,098
Capital outlay	67,259	8,323	179,719	255,301
Debt service:				
Principal retirement	-	14,481	-	14,481
Interest	-	3,701	-	3,701
Total cash disbursements	<u>260,557</u>	<u>198,539</u>	<u>188,883</u>	<u>647,979</u>
Total cash receipts (under)/over cash disbursements	<u>31,904</u>	<u>(24,935)</u>	<u>(28,476)</u>	<u>(21,507)</u>
Other financing receipts/(disbursements):				
Operating transfers in	-	40,000	40,000	80,000
Operating transfers out	(80,000)	-	-	(80,000)
Advances in	21,833	-	-	21,833
Advances out	-	(21,833)	-	(21,833)
Total other financing receipts/(disbursements)	<u>(58,167)</u>	<u>18,167</u>	<u>40,000</u>	<u>-</u>
Net change in fund cash balances	(26,263)	(6,768)	11,524	(21,507)
Fund cash balances, January 1, 2010	<u>152,875</u>	<u>39,889</u>	<u>-</u>	<u>192,764</u>
Fund cash balances, December 31, 2010	<u>\$ 126,612</u>	<u>\$ 33,121</u>	<u>\$ 11,524</u>	<u>\$ 171,257</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 FUND
CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2010

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 370,448
Other miscellaneous	2,284
Total operating cash receipts	372,732
Operating cash disbursements:	
Personal services	69,367
Employee fringe benefits	30,799
Contractual services	127,568
Supplies and material	49,508
Total operating cash disbursements	277,242
Operating income	95,490
Nonoperating cash receipts/(disbursements):	
Special assessments	520
Miscellaneous receipts	5,512
Capital outlay	(20,718)
Debt service:	
Principal	(65,023)
Interest	(12,299)
Total nonoperating cash receipts/(disbursements)	(92,008)
Net cash receipts (under) cash disbursements	3,482
Fund cash balances, January 1, 2010	187,739
Fund cash balances, December 31, 2010	\$ 191,221

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, 2010

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2010 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2010 Appropriations	Total	Actual 2010 Disbursements	Encumbrances Outstanding at 12/31/10	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 152,875	\$ 306,776	\$ 459,651	\$ 314,294	\$ 7,518	\$ -	\$ 374,107	\$ 374,107	\$ 340,557	\$ -	\$ 340,557	\$ 33,550
Special Revenue	39,889	207,948	247,837	213,604	5,656	-	205,842	205,842	220,372	-	220,372	(14,530)
Capital Projects	-	356,713	356,713	200,407	(156,306)	-	354,635	354,635	188,883	-	188,883	165,752
Proprietary:												
Enterprise	187,739	348,281	536,020	378,764	30,483	-	407,744	407,744	375,282	-	375,282	32,462
Total												
(Memorandum Only)	\$ 380,503	\$ 1,219,718	\$ 1,600,221	\$ 1,107,069	\$ (112,649)	\$ -	\$ 1,342,328	\$ 1,342,328	\$ 1,125,094	\$ -	\$ 1,125,094	\$ 217,234

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

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. Also, the Village contracts with Farmersville Fire Association for fire protection and EMS Services.

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 YEARS ENDED DECEMBER 31, 2011 AND 2010**

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.

Street Lighting Assessment - (2010) - This fund reserves special assessments from the County Auditor to light the Village streets.

Capital Projects Fund

These funds are 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 funds:

East Center Street - This received Ohio Public Works Commission (OPWC) monies related to the East Center Street project.

Maple & Vine Streets - (2011) - This fund received OPWC monies related to the Maple & Vine Streets project.

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 YEARS ENDED DECEMBER 31, 2011 AND 2010**

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 object level within each department 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 YEARS ENDED DECEMBER 31, 2011 AND 2010

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. The Village had several amendments to the original estimated certificate during the years ended December 31, 2011 and 2010.

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 2011 and 2010.

Encumbrances:

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be re-appropriated. The Village had encumbrances at December 31, 2011 in the amount of \$4,800. The Village had no outstanding encumbrances at December 31, 2010.

D. Fund Balance

For December 31, 2011, the Village implemented Governmental Accounting Standards Board (GASB) No. 54, "Fund Balance Reporting and Governmental Fund Definitions" which had no effect on fund balances. Under GASB No. 54, fund balances are divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. **Nonspendable**

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws of regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes, but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

E. 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 \$2 and \$2,135 for the years ended December 31, 2011 and 2010, respectively.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

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

F. PROPERTY, PLANT AND EQUIPMENT

Capital 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.

G. 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.

H. 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.

I. TOTAL COLUMNS ON FINANCIAL STATEMENTS

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

J. INTERFUND TRANSACTIONS

During the course of normal operations, the Village had transactions between funds. The most significant include transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the necessary fund and are recorded as operating transfers. Advances are temporary loans to other funds which will ultimately be repaid.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 3 - 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:

	<u>2011</u>	<u>2010</u>
Deposits: Demand deposits	\$ 190,521	\$ 209,950
Certificate of Deposits	150,000	150,000
Investments: STAR Ohio	<u>2,529</u>	<u>2,528</u>
Total Cash and Cash Equivalents	<u>\$ 343,050</u>	<u>\$ 362,478</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 are valued at amounts reported by the State Treasurer.

NOTE 4 - 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. Income tax receipts are credited to the Village's general fund and amounted to \$152,445 and \$154,697 for the years ended December 31, 2011 and 2010, respectively.

NOTE 5 - PROPERTY TAX

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

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 5 - PROPERTY TAX - (Continued)

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

NOTE 6 - DEBT OBLIGATIONS

At December 31, 2011 and December 31, 2010, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at 12/31/2011</u>	<u>Balance at 12/31/2010</u>
2007 Ohio Water Department Authority (OWDA) note for sanitary sewer improvements due in semi-annual installments of \$4,249 through 2027 bearing interest of 4.12%.	\$ 96,650	\$ 101,031
2000 US Bank bonds for various purposes due in annual installments of \$13,679 through 2019 bearing interest at 6.56%.	81,109	88,829
1998 OWDA note for water improvements due in semi-annual installments of \$10,202 through 2014 bearing interest at 5.66%.	37,532	54,832
1998 Ohio Public Works Commission (OPWC) note for water improvements, due in semi-annual installments of \$7,368 through 2018, bearing no interest.	95,797	110,533
1992 OPWC note for sewer improvements, due in semi-annual installments of \$3,175, due in 2012, bearing no interest.	6,350	12,700
2009 Promissory Note - Dump Truck for various purposes due in semi-annual installments of \$5,540 through 2011, bearing interest at 5.00%.	<u>-</u>	<u>15,830</u>
Total	<u>\$ 317,438</u>	<u>\$ 383,755</u>

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 6 - DEBT OBLIGATIONS - (Continued)

Transactions for the years ended December 31, 2011 and December 31, 2010 are summarized as follows:

<u>2011</u>	<u>Balance at 12/31/2010</u>	<u>Proceeds</u>	<u>Retirements</u>	<u>Balance at 12/31/2011</u>
Sewer Note - OWDA - 2007	\$ 101,031	\$ -	\$ (4,381)	\$ 96,650
Various Bonds - US Bank - 2000	88,829	-	(7,720)	81,109
Water Note - OWDA - 1998	54,832	-	(17,300)	37,532
Water Note - OPWC - 1998	110,533	-	(14,736)	95,797
Sewer Note - OPWC - 1992	12,700	-	(6,350)	6,350
2009 Promissory Note - Dump Truck	<u>15,830</u>	<u>-</u>	<u>(15,830)</u>	<u>-</u>
 Total	 <u>\$ 383,755</u>	 <u>\$ -</u>	 <u>\$ (66,317)</u>	 <u>\$ 317,438</u>
	(Restated)			
<u>2010</u>	<u>Balance at 12/31/2009</u>	<u>Proceeds</u>	<u>Retirements</u>	<u>Balance at 12/31/2010</u>
Sewer Note - OWDA - 2007	\$ 105,237	\$ -	\$ (4,206)	\$ 101,031
Various Bonds - US Bank - 2005	10,146	-	(10,146)	-
Various Bonds - US Bank - 2000	96,075	-	(7,246)	88,829
Water Note - OWDA - 1998	71,206	-	(16,374)	54,832
Water Note - OPWC - 1998	132,637	-	(22,104)	110,533
Sewer Note - OPWC - 1992	22,225	-	(9,525)	12,700
2009 Promissory Note - Dump Truck	<u>25,733</u>	<u>-</u>	<u>(9,903)</u>	<u>15,830</u>
 Total	 <u>\$ 463,259</u>	 <u>\$ -</u>	 <u>\$ (79,504)</u>	 <u>\$ 383,755</u>

The dump truck promissory note and the various US Bank bonds are being paid out of the street construction, maintenance and repair fund, the water fund, and the sewer fund.

The Various Bonds - US Bank - 2000 is being restated to properly report its ending balance at December 31, 2009.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 6 - DEBT OBLIGATIONS - (Continued)

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2011, are as follows:

Year Ending December 31,	2007 Note - OWDA		2000 Bonds - US Bank		1998 Note - OWDA	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 2,258	\$ 1,991	\$ 8,227	\$ 5,452	\$ 9,140	\$ 1,062
2013	4,657	3,841	8,768	4,911	18,797	1,607
2014	4,851	3,647	9,343	4,336	9,595	607
2015	5,053	3,445	9,956	3,723	-	-
2016	5,264	3,234	10,609	3,070	-	-
2017 - 2021	29,792	12,698	34,206	6,831	-	-
2022 - 2026	36,532	5,958	-	-	-	-
2027	8,243	255	-	-	-	-
TOTALS	\$ 96,650	\$ 35,069	\$ 81,109	\$ 28,323	\$ 37,532	\$ 3,276

Year Ending December 31,	1998	1992	Totals	
	Note - OPWC Principal	Note - OPWC Principal	Principal	Interest
2012	\$ 7,368	\$ 6,350	\$ 33,343	\$ 8,505
2013	14,736	-	46,958	10,359
2014	14,736	-	38,525	8,590
2015	14,736	-	29,745	7,168
2016	14,736	-	30,609	6,304
2017 - 2021	29,485	-	93,483	19,529
2022 - 2026	-	-	36,532	5,958
2027	-	-	8,243	255
TOTALS	\$ 95,797	\$ 6,350	\$317,438	\$ 66,668

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 7 - RETIREMENT SYSTEM

The Village's salaried employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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 the years ended December 31, 2011 and 2010, OPERS members contributed 10% of their gross salaries. The Village contributed an amount equal to 14% of participants' gross salaries for 2011 and 2010, respectively. At December 31, 2011, all amounts for the years ended 2011 and 2010 have been paid.

NOTE 8 - RISK MANAGEMENT

Prior to 2009, the Village belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and,
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009, respectively. The Village participates in this coverage.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 8 - RISK MANAGEMENT - (Continued)

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009, respectively. The Village does not participate in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2010 and 2009 (the latest information available), and include amounts for both OPRM and OPHC:

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members’ Equity	<u>\$7,191,485</u>	<u>\$300,035</u>	<u>\$6,323,701</u>	<u>\$105,185</u>

You can read the complete audited financial statements for OPRM and OPHC at the Plan’s website, www.ohioplan.org.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 9 - INTERFUND TRANSACTIONS

The Village had the following interfund transactions for the year ended December 31, 2011:

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 27,624	\$ 94,137
<u>Special Revenue Fund</u>		
Street Construction, Maintenance and Repair	17,500	-
<u>Capital Project Funds</u>		
East Center Street	5,000	27,624
Maple, Vine & California Streets	66,637	-
<u>Enterprise Fund</u>		
Northeast Waterline	<u>5,000</u>	<u>-</u>
Total	<u>\$ 121,761</u>	<u>\$ 121,761</u>

<u>Fund Type/Fund</u>	<u>Advances In</u>	<u>Advances Out</u>
General Fund	\$ 20,000	\$ 20,000
<u>Enterprise Fund</u>		
Northeast Waterline	<u>20,000</u>	<u>20,000</u>
Total	<u>\$ 40,000</u>	<u>\$ 40,000</u>

The transfers from the East Center Street Fund to the General Fund were to close out the fund and return the monies to the general fund, the fund which provided them.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 9 - INTERFUND TRANSACTIONS - (Continued)

The Village had the following interfund transactions for the year ended December 31, 2010:

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 80,000
<u>Special Revenue Fund</u>		
Street Construction, Maintenance and Repair	40,000	-
<u>Capital Project Fund</u>		
East Center Street	<u>40,000</u>	<u>-</u>
Total	<u>\$ 80,000</u>	<u>\$ 80,000</u>

<u>Fund Type/Fund</u>	<u>Advances In</u>	<u>Advances Out</u>
General Fund	\$ 21,833	\$ -
<u>Special Revenue Fund</u>		
Street Lighting	<u>-</u>	<u>21,833</u>
Total	<u>\$ 21,833</u>	<u>\$ 21,833</u>

All transfers and advances are allowable in accordance with Sections 5705.14, 5705.15, 5705.16 of the Ohio Revised Code.

NOTE 10 - CONTINGENT LIABILITY

LITIGATION

The Village is not currently involved in litigation.



Julian & Grube, Inc.

Serving Ohio Local Governments

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Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Village of Farmersville
115 Walnut Street
Farmersville, OH 45325

To the Members of Council and Mayor:

We have audited the financial statements of the Village of Farmersville, Montgomery County, Ohio, as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated March 12, 2012, wherein we noted the Village of Farmersville prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. As described in Note 2, the Village of Farmersville adopted Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" for the year ended December 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Farmersville's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village of Farmersville's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village of Farmersville's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village of Farmersville's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section as was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Members of Council and Mayor
Village of Farmersville

Compliance and Other Matters

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

We intend this report solely for the information and use of the Council, management and others within the Village of Farmersville. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
March 12, 2012

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Dave Yost • Auditor of State

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 15, 2012