



Mary Taylor, CPA  
Auditor of State



VILLAGE OF WEST FARMINGTON  
TRUMBULL COUNTY

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Mary Taylor, CPA  
Auditor of State

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

December 11, 2009

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of Village of West Farmington, Trumbull County, (the Village) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code §117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village 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's larger (i.e. major) funds separately. While the Village 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 Villages to reformat their statements. The Village 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 pursuant to its non-GAAP basis is in the second following paragraph.

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, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007, 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 and reserves for encumbrances of Village of West Farmington, Trumbull County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2009, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

December 11, 2009



**VILLAGE OF WEST FARMINGTON  
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL TYPE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$28,351	\$13,040	\$41,391
Intergovernmental	16,124	25,411	41,535
Special Assessments		3,467	3,467
Fines, Licenses and Permits	15,787	3,525	19,312
Earnings on Investments	357	237	594
Miscellaneous	391	9,971	10,362
<b>Total Cash Receipts</b>	<b>61,010</b>	<b>55,651</b>	<b>116,661</b>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons & Property		37,311	37,311
Leisure Time Activities	8,133	446	8,579
Community Environment	107		107
Transportation		32,112	32,112
General Government	47,486	43	47,529
<b>Total Cash Disbursements</b>	<b>55,726</b>	<b>69,912</b>	<b>125,638</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>5,284</b>	<b>(14,261)</b>	<b>(8,977)</b>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	10,000	4,391	14,391
Transfers-Out	(4,391)	(10,000)	(14,391)
Advances-In	3,914	16,217	20,131
Advances-Out	(7,914)	(12,217)	(20,131)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>1,609</b>	<b>(1,609)</b>	
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements</b>	<b>6,893</b>	<b>(15,870)</b>	<b>(8,977)</b>
<b>Fund Cash Balance, January 1, 2008</b>	<b>1,334</b>	<b>134,993</b>	<b>136,327</b>
<b>Fund Cash Balance, December 31, 2008</b>	<b>\$8,227</b>	<b>\$119,123</b>	<b>\$127,350</b>

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

**VILLAGE OF WEST FARMINGTON  
TRUMBULL COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$175,868
<b>Operating Cash Disbursements:</b>	
Current:	
Personal Services	46,574
Employee Fringe Benefits	5,464
Contractual Services	71,744
Supplies and Materials	8,069
Other	1,166
	133,017
Total Operating Cash Disbursements	133,017
Operating Income/(Loss)	42,851
<b>Non-Operating Receipts/(Disbursements)</b>	
Earnings on Investments	114
Capital Outlay	(5,445)
Redemption of Principal	(22,300)
Interest and Other Fiscal Charges	(14,826)
	(42,457)
Total Non-Operating Receipts/Disbursements	(42,457)
Income/(Loss)	
Before Interfund Transfers and Advances	394
Transfers-In	46,868
Transfers-Out	(46,868)
Advances-In	14,131
Advances-Out	(14,131)
Fund Cash Balance, January 1, 2008	24,547
<b>Fund Cash Balance, December 31, 2008</b>	<b>\$24,941</b>

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

VILLAGE OF WEST FARMINGTON  
TRUMBULL COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL TYPE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$31,180	\$14,185	\$45,365
Intergovernmental	15,629	24,434	40,063
Special Assessments		3,490	3,490
Charges for Services		105	105
Fines, Licenses and Permits	2,724	29,689	32,413
Earnings on Investments	249	138	387
Miscellaneous	1,770	150	1,920
	<u>51,552</u>	<u>72,191</u>	<u>123,743</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons & Property		27,295	27,295
Leisure Time Activities	6,766	300	7,066
Basic Utility Services	263		263
Transportation		12,328	12,328
General Government	46,849	44	46,893
Capital Outlay		1,808	1,808
	<u>53,878</u>	<u>41,775</u>	<u>95,653</u>
<b>Total Cash Disbursements</b>			
Total Receipts Over/(Under) Disbursements	(2,326)	30,416	28,090
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		98	98
Transfers-Out	(98)		(98)
Advances-In	13,293	11,293	24,586
Advances-Out	(11,293)	(13,293)	(24,586)
	<u>1,902</u>	<u>(1,902)</u>	
<b>Total Other Financing Receipts/(Disbursements)</b>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	(424)	28,514	28,090
Fund Cash Balance, January 1, 2007	<u>1,758</u>	<u>106,479</u>	<u>108,237</u>
<b>Fund Cash Balance, December 31, 2007</b>	<b><u>\$1,334</u></b>	<b><u>\$134,993</u></b>	<b><u>\$136,327</u></b>
Reserves for Encumbrances, December 31, 2007		<u>\$1,277</u>	<u>\$1,277</u>

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

**VILLAGE OF WEST FARMINGTON  
TRUMBULL COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$183,141
<b>Operating Cash Disbursements:</b>	
Current:	
Personal Services	45,992
Employee Fringe Benefits	5,423
Contractual Services	93,620
Supplies and Materials	799
Other	1,202
	147,036
Total Operating Cash Disbursements	147,036
Operating Income/(Loss)	36,105
<b>Non-Operating Receipts/(Disbursements)</b>	
Earnings on Investments	80
Redemption of Principal	(21,000)
Interest and Other Fiscal Charges	(15,859)
	(36,779)
Total Non-Operating Receipts/Disbursements	(36,779)
Income/(Loss)	
Before Interfund Transfers and Advances	(674)
Transfers-In	39,890
Transfers-Out	(39,890)
	25,221
Fund Cash Balance, January 1, 2007	25,221
<b>Fund Cash Balance, December 31, 2007</b>	<b>\$24,547</b>

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

**VILLAGE OF WEST FARMINGTON  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

The Village participates in the Public Entities Pool of Ohio (PEP), a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

**B. Accounting Basis**

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

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village had no investments at December 31, 2008 and 2007. Funds are held in an interest-bearing checking account.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

**VILLAGE OF WEST FARMINGTON  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

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

Gasoline Tax Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Police Fund – This fund receives money from property tax and from fines and forfeitures to provide police protection for Village residents.

**3. Enterprise Funds**

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

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

Enterprise Debt Service Sinking Fund - This fund receives money from the water operating fund for the purpose of providing resources to retire the Village's debt related to the water plant.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

**VILLAGE OF WEST FARMINGTON  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

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

**F. Property, Plant, and Equipment**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**G. Accumulated Leave**

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

**2. EQUITY IN POOLED DEPOSITS**

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

	2008	2007
Demand deposits	\$152,291	\$160,874

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

**3. BUDGETARY ACTIVITY**

2008 Budgeted vs. Actual Receipts			
Fund Type:	Budgeted Receipts	Actual Receipts	Variance
General	\$83,087	\$71,010	(\$12,077)
Special Revenue	64,498	60,042	(4,456)
Enterprise	240,188	222,850	(17,338)
Total	\$387,773	\$353,902	(\$33,871)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type:	Appropriation Authority	Budgetary Expenditures	Variance
General	\$78,930	\$60,117	\$18,813
Special Revenue	198,505	79,912	118,593
Enterprise	251,682	222,456	29,226
Total	\$529,117	\$362,485	\$166,632

**VILLAGE OF WEST FARMINGTON  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**3. BUDGETARY ACTIVITY - (Continued)**

2007 Budgeted vs. Actual Receipts			
	Budgeted	Actual	
Fund Type:	Receipts	Receipts	Variance
General	\$53,815	\$51,552	(\$2,263)
Special Revenue	67,999	72,289	4,290
Enterprise	228,459	223,111	(5,348)
Total	\$350,273	\$346,952	(\$3,321)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation	Budgetary	
Fund Type:	Authority	Expenditures	Variance
General	\$55,448	\$53,976	\$1,472
Special Revenue	173,499	43,052	130,447
Enterprise	253,271	223,785	29,486
Total	\$482,218	\$320,813	\$161,405

**4. 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.

Tangible personal property 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.

**5. DEBT**

Debt outstanding at December 31, 2008 was as follows:

	Principal	Interest Rate
1977 USDA Mortgage Revenue Loans	\$173,100	5.00%
1999 USDA Mortgage Revenue Loan	67,800	4.75%
2003 USDA Mortgage Revenue Loan	43,600	4.25%
Total	\$284,500	



**VILLAGE OF WEST FARMINGTON  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**5. DEBT - (Continued)**

The USDA Rural Development Temporary Mortgage Revenue Loans were issued for the purpose of financing the costs of improvements to the Village water system. The loans will be repaid until the year 2040. The Village has established a debt service sinking fund and debt service reserve fund in compliance with debt covenants associated with these loans. Water receipts collateralize the loans.

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

Year ending December 31:	1977 USDA Mortgage Revenue Loan	1999 USDA Mortgage Revenue Loan	2003 USDA Mortgage Revenue Loan
2009	\$29,055	\$4,268	\$4,053
2010	29,135	4,321	3,960
2011	29,160	4,273	3,966
2012	29,130	4,221	3,968
2013	29,145	4,268	4,066
2014-2018	65,215	21,478	19,918
2019-2023		21,449	19,908
2024-2028		21,669	
2029-2033		21,709	
2034-2038		21,942	
2039-2040		4,565	
Total	<u>\$210,840</u>	<u>\$134,163</u>	<u>\$59,839</u>

**6. RETIREMENT SYSTEMS**

The Village's employees and elected officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively, of their gross salaries and the Village contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

**7. RISK POOL MEMBERSHIP**

The Village is exposed to various risks of property and casualty losses, and injuries to employees. The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

**VILLAGE OF WEST FARMINGTON  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**7. RISK POOL MEMBERSHIP - (Continued)**

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2008, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007.

	<u>2008</u>	<u>2007</u>
Assets	\$35,769,535	\$37,560,071
Liabilities	<u>(15,310,206)</u>	<u>(17,340,825)</u>
Net Assets	<u>\$20,459,329</u>	<u>\$20,219,246</u>

At December 31, 2008 and 2007, respectively, the liabilities above include approximately \$13.8 million and \$15.9 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$12.9 million and \$15.0 million of unpaid claims to be billed to approximately 445 member governments in the future, as of December 31, 2008, and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Village's share of these unpaid claims collectible in future years is approximately \$9,215.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

VILLAGE OF WEST FARMINGTON  
TRUMBULL COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)

7. RISK POOL MEMBERSHIP - (Continued)

<u>Contributions to PEP</u>	
2007	\$ 9,250
2008	9,520

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

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# Mary Taylor, CPA

Auditor of State

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

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

To the Village Council:

We have audited the financial statements of the Village of West Farmington, Trumbull County, (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated December 11, 2009, wherein we noted the Village 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. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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.

### **Compliance and Other Matters**

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

December 11, 2009



**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF WEST FARMINGTON**

**TRUMBULL COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 21, 2010**