



**Auditor of State  
Betty Montgomery**



VILLAGE OF NEW WESTON  
DARKE COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Village of New Weston  
Darke County  
P.O. Box 2A  
New Weston, Ohio 45348

To the Village Mayor and Council:

We have audited the accompanying financial statements of the Village of New Weston, Darke County, (the Village), as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2003, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Village of New Weston  
Darke County  
Independent Accountants' Report  
Page 2

This report is intended solely for the information and use of the audit committee, management, Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**BETTY MONTGOMERY**  
Auditor of State

May 29, 2003

**VILLAGE OF NEW WESTON  
DARKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$3,923	\$3,346		\$7,269
Intergovernmental Receipts	33,156	8,160		41,316
Earnings on Investments	1,122	612		1,734
Miscellaneous	1,135			1,135
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	39,336	12,118		51,454
<b>Cash Disbursements:</b>				
Security of Persons and Property	6,474	2,700		9,174
Public Health Services	390			390
Leisure Time Activities	490	3,113		3,603
Basic Utility Services	8,085			8,085
Transportation	840	335		1,175
General Government	12,306	64		12,370
Capital Outlay			\$25,000	25,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	28,585	6,212	25,000	59,797
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	10,751	5,906	(25,000)	(8,343)
Other Financing Receipts and (Disbursements):				
Advance In			25,000	25,000
Advance Out	(25,000)			(25,000)
Proceeds of Note			10,000	10,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(25,000)	0	35,000	10,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(14,249)	5,906	10,000	1,657
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	92,958	52,951	0	145,909
<b>Fund Cash Balances, December 31</b>	<hr/> <b>\$78,709</b>	<hr/> <b>\$58,857</b>	<hr/> <b>\$10,000</b>	<hr/> <b>\$147,566</b>

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

**VILLAGE OF NEW WESTON  
DARKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$3,873	\$3,237	\$7,110
Intergovernmental Receipts	36,531	6,602	43,133
Earnings on Investments	1,512	793	2,305
Miscellaneous	899		899
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	42,815	10,632	53,447
<b>Cash Disbursements:</b>			
Security of Persons and Property	5,841	2,640	8,481
Public Health Services	468		468
Leisure Time Activities	1,072	502	1,574
Basic Utility Services	6,458		6,458
Transportation	1,812		1,812
General Government	9,075	65	9,140
Capital Outlay	4,094		4,094
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	28,820	3,207	32,027
Total Receipts Over Disbursements	13,995	7,425	21,420
Fund Cash Balances, January 1	78,963	45,526	124,489
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$92,958</u></b>	<b><u>\$52,951</u></b>	<b><u>\$145,909</u></b>

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



**VILLAGE OF NEW WESTON  
DARKE COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of New Weston, Darke County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general government services, including park operations. The Village contracts with Burkettsville Community Fire Department for fire protection service and the Ansonia Area Local Rescue for rescue/ambulance services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. Cash**

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

**2. Special Revenue Fund**

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

***Street Construction, Maintenance and Repair Fund*** - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

***State Highway Fund*** -This fund receives gasoline tax and motor vehicle tax money for maintaining and repairing the state highway in the Village.

**VILLAGE OF NEW WESTON  
DARKE COUNTY**

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

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Fund (Continued)**

*Fire Protection Fund* – This receives tax levy monies to pay for fire protection.

*Park Fund* – This fund receives grant money and donations to pay for maintenance and development of a park.

**3. Capital Project Funds**

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 or trust funds). The Village had the following significant capital project fund:

*Sanitary Sewer Fund* - This fund receives proceeds from an Ohio Water Authority Development loan. The proceeds are being used to construct a new sanitary sewer.

**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 Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

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

**VILLAGE OF NEW WESTON  
DARKE COUNTY**

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

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

**F. Property, Plant and Equipment**

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

**2. EQUITY IN POOLED CASH**

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

	2002	2001
Demand deposits	147,566	145,909
Total deposits	\$147,566	\$145,909

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

**3. BUDGETARY ACTIVITY**

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

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$41,130	\$39,336	(\$1,794)
Special Revenue	8,045	12,118	4,073
Capital Projects	0	10,000	10,000
Total	\$49,175	\$61,454	\$12,279

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$134,087	\$28,585	\$105,502
Special Revenue	60,996	6,212	54,784
Capital Projects	0	25,000	(25,000)
Total	\$195,083	\$59,797	\$135,286

**VILLAGE OF NEW WESTON  
DARKE COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$35,000	\$42,815	\$7,815
Special Revenue	8,770	10,632	1,862
Total	\$43,770	\$53,447	\$9,677

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$111,963	\$28,820	\$83,143
Special Revenue	54,087	3,207	50,880
Total	\$166,050	\$32,027	\$134,023

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Park fund by \$752 and the Sanitary Sewer Fund by \$25,000 for the year ended December 31, 2002.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

**VILLAGE OF NEW WESTON  
DARKE COUNTY**

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

**5. DEBT**

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Planning Loan	\$25,000	0%
Ohio Water Development Authority Design Loan	50,000	0%
Total	\$75,000	

The Ohio Water Development Authority (OWDA) loans relate to the construction of a New Weston-Burkettsville Sanitary Sewer System project that was mandated by the Ohio Environmental Protection Agency. This is a joint project with the Village of New Burkettsville.

On March 3, 2002, the Village obtained a planning loan in amount of \$25,000 from the OWDA Village Capital Improvement Fund. The planning loan will be repaid if the project is not financed within two years from the date of award (repayment shall be made in such equal annual installments (not exceeding ten) and on such date as set forth between OEPA, OWDA, and the Village. If the project is financed after payments have started, the balance of the loan shall be repaid immediately.

On December 5, 2002, the Village obtained a wastewater design loan in the amount of \$50,000 from OWDA Village Capital Improvement Fund, for which no funds had been received as of December 31, 2002. The Village passed a resolution authorizing repayment of the loan from the General Fund until permanent financing is obtained at which time the note balance will be paid in full.

The Village General Fund was designated to be the repayment source for both loans. Amortization of the above debt, not including interest, is scheduled as follows:

	OWDA Design Loan	OWDA Planning Loan
Year ending December 31:		
2003	\$0	\$0
2004	0	2,500
2005	5,000	2,500
2006	5,000	2,500
2007	5,000	2,500
2008 - 2012	25,000	12,500
2013 - 2014	10,000	2,500
Total	\$50,000	\$25,000

Debt principal outstanding at December 31, 2002 was \$75,000.

**VILLAGE OF NEW WESTON  
DARKE COUNTY**

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

**6. RETIREMENT SYSTEMS**

**A. Public Employees Retirement System**

The Village has one Council member who belongs to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and 2002. The Village has paid all contributions required through December 31, 2002.

**B. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the Public Employee Retirement System have an option to choose Social Security or the Public Retirement Service System. As of December 31, 2002, five of the Council members, clerk-treasurer, bookkeeper, and street commissioner have elected Social Security. The Village's liability is 6.2 percent of the wages paid.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Vehicles

**8. SUBSEQUENT EVENTS**

The Village is participating in the Ohio Water Development Authority's Village Capital Improvement Fund for the construction of the New Weston-Burkettsville Sanitary Sewer System, which is a joint project with the Village of Burkettsville. The eligible projects cost for the wastewater design are \$50,000, which will be payable to their consultant, Fanning/Howey. As of the date of our report, \$35,000 of these funds had been received by the Village. The estimated project costs as determined by Ohio Water Development Authority are \$1,400,000.

On January 20, 2003, the Village passed a resolution to commit funds to match the CDBG small community distress program. However, as of May 29, 2003, this grant has not been obtained.



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of New Weston  
Darke County  
P.O. Box 2A  
New Weston, Ohio 45348

To the Village Mayor and Council:

We have audited the financial statements of the Village of New Weston, Darke County, (the Village), as of and for the years ended December 31, 2002, and 2001, and have issued our report thereon dated May 29, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-001 and 2002-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 29, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 29, 2003.

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Village of New Weston  
Darke County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**BETTY MONTGOMERY**  
Auditor of State

May 29, 2003



VILLAGE OF NEW WESTON  
DARKE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001

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

FINDING NUMBER 2002-001

Noncompliance Citation:

Ohio Rev. Code Section 5705.41(B), prohibits expenditures unless the funds have been properly appropriated. This prohibits expenditures from exceeding appropriations. Contrary to this requirement fund expenditures exceeded the amounts appropriated during 2002 for the following funds:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Sanitary Sewer Fund	\$0	\$25,000	(\$25,000)
Park Fund	2,361	3,113	(752)

The Village Clerk and Council should monitor the Village budgetary financial reports throughout the year to provide assurance that budgetary expenditures do not exceed the appropriations at the legal level of control. In instances where appropriations are insufficient to meet the projected needs, the Village Council should pass a resolution to amend appropriations after determining that sufficient estimated resources are available.

FINDING NUMBER 2002-002

Noncompliance Citation:

Ohio Rev. Code Section 5705.41 (D), provides that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money without attaching thereto the certificate of the fiscal officer of the subdivision that the amount required to meet the same in the fiscal year in which the contract is made has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Contracts and orders for expenditures lacking prior certification should be null and void.

This section also provides an exception to this requirement:

If no certificate is issued at the time the contract or order is entered into, the fiscal officer may later certify that these funds were properly appropriated and in the treasury or in the process of collection and such funds are free from previous encumbrance both at the time the contract or order was entered into and at the time of payment. After certifying this, the fiscal officer may proceed to pay for such order or contract. If the amount involved is over \$1,000, the taxing authority must approve of such payment within 30 days of the date of the fiscal officer's certification.

The Village Clerk failed to comply with the certification requirement for 66% of the 2002 expenditures and 44% of the 2001 expenditures, and the above exception was not utilized.

The Village Clerk should adopt procedures to improve compliance with the certification requirement.

**VILLAGE OF NEW WESTON  
DARKE COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2000-30319-001	Ohio Revised Code 5705.41(D), failure to certify funds	No	Not Corrected
2000-30319-002	Ohio Revised Code 5705.41(B), expenditures in excess of appropriations	No	Not Corrected



**Auditor of State  
Betty Montgomery**

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**VILLAGE OF NEW WESTON**

**DARKE 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  
JULY 3, 2003**