

VILLAGE OF WEST MANCHESTER

PREBLE COUNTY

CINCINNATI REGION

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008



Dave Yost • Auditor of State

Members of Village Council
Village of West Manchester
P.O. Box 168
West Manchester, Ohio 45382

We have reviewed the *Independent Auditors' Report* of the Village of West Manchester, Preble County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2008 through December 31, 2009. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 West Manchester is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

April 18, 2011

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**VILLAGE OF WEST MANCHESTER
PREBLE COUNTY**

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MANNING & ASSOCIATES CPAs, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414

INDEPENDENT AUDITORS' REPORT

Village Council
Village of West Manchester
Preble County
P. O. Box 168
West Manchester, Ohio 45382

We have audited the accompanying financial statements of the Village of West Manchester, Preble County (the Village), as of and for the years ended December 31, 2009 and 2008. 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. 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, 2009 and 2008 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, 2009 and 2008, or its changes in financial position for the year 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 West Manchester, Preble County, Ohio, as of December 31, 2009 and 2008, 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 June 25, 2010 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.

Manning & Associates CPAs, LLC
Dayton, Ohio

June 25, 2010

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**VILLAGE OF WEST MANCHESTER
PREBLE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009

	GOVERNMENTAL FUND TYPES			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 17,366	\$ 185	\$ 0	\$ 17,551
Charges for Services	27,456	73,683	15,000	116,139
Fines and Forfeitures	124	15	0	139
Intergovernmental Receipts	30,330	100,788	0	131,118
Earnings on Investments	6,193	0	0	6,193
Miscellaneous	4,911	15,279	0	20,190
			0	
Total Cash Receipts	<u>86,380</u>	<u>189,950</u>	<u>15,000</u>	<u>291,330</u>
Cash Disbursements:				
General Government	59,339	425	1,175	60,939
Security of Persons and Property	5,874	169,082	0	174,956
Leisure Time Activities	21	0	0	21
Community Environment	342	0	0	342
Basic Utility Services	27,258	0	0	27,258
Transportation	9,618	0	0	9,618
Total Cash Disbursements	<u>102,452</u>	<u>169,507</u>	<u>1,175</u>	<u>273,134</u>
Total Receipts Over/(Under) Disbursements	(16,072)	20,443	13,825	18,196
Other Financing Receipts/(Disbursements):				
Transfers-In	2,749	80,945	0	83,694
Transfers-Out	(7,143)	(76,551)	0	(83,694)
Advances-In	24,000	12,500	0	36,500
Advances-Out	(24,500)	(4,000)	0	(28,500)
Total Other Financing Receipts/(Disbursements)	<u>(4,894)</u>	<u>12,894</u>	<u>0</u>	<u>8,000</u>
Excess of Cash Receipts and Other Financing Receipts over/(under) Cash Disbursements and Other Financing Disbursements	(20,966)	33,337	13,825	26,196
Fund Cash Balances, January 1,	<u>144,104</u>	<u>28,310</u>	<u>95,434</u>	<u>267,848</u>
Fund Cash Balances, December 31,	<u>\$ 123,138</u>	<u>\$ 61,647</u>	<u>\$ 109,259</u>	<u>\$ 294,044</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF WEST MANCHESTER
PREBLE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	PROPRIETARY FUND TYPE
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 193,646
Miscellaneous	1,528
	195,174
Total Operating Revenues	195,174
Operating Cash Disbursements:	
Personal Services	19,161
Travel Transportation	21,265
Contractual Services	35,075
Supplies and Materials	7,932
	83,433
Total Operating Cash Disbursements	83,433
Operating Income	111,741
Non Operating Cash Disbursements:	
Debt Service:	
Principal Payments	29,962
Interest Payments	57,769
	87,731
Total Non-Operating Cash Disbursements	87,731
Excess Receipts over Disbursements	
Before Operating Transfers and Advances	24,010
Transfers In	84,770
Transfers Out	(84,770)
Advances - In	12,000
Advances - Out	(20,000)
	16,010
Excess of Cash Receipts Over (Under) Cash Disbursements	16,010
Fund Cash Balances, January 1,	77,611
Fund Cash Balances, December 31,	\$ 93,621

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF WEST MANCHESTER
PREBLE COUNTY**

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

	GOVERNMENTAL FUND TYPES				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 15,187	\$ 185	\$ 0	\$ 0	\$ 15,372
Charges for Services	25,265	47,677	0	15,000	87,942
Fines and Forfeitures	107	605	0	0	712
Intergovernmental Receipts	34,260	24,458	0	0	58,718
Earnings on Investments	8,316	0	0	0	8,316
Miscellaneous	665	4,170	0	0	4,835
				0	
Total Cash Receipts	<u>83,800</u>	<u>77,095</u>	<u>0</u>	<u>15,000</u>	<u>175,895</u>
Cash Disbursements:					
General Government	50,133	0	0	0	50,133
Security of Persons and Property	5,695	87,914	0	0	93,609
Leisure Time Activities	1,673	0	0	0	1,673
Community Environment	1,076	0	0	0	1,076
Basic Utility Services	24,701	0	0	0	24,701
Transportation	5,566	0	0	0	5,566
Total Cash Disbursements	<u>88,844</u>	<u>87,914</u>	<u>0</u>	<u>0</u>	<u>176,758</u>
Total Receipts Over/(Under) Disbursements	(5,044)	(10,819)	0	15,000	(863)
Other Financing Receipts/(Disbursements):					
Transfers In	8	8,000	0	0	8,008
Transfers Out	(8,065)	0	(8)	0	(8,073)
Advances In	29,410	0	0	0	29,410
Advances Out	(42,000)	0	0	0	(42,000)
Total Other Financing Receipts/(Disbursements)	<u>(20,647)</u>	<u>8,000</u>	<u>(8)</u>	<u>0</u>	<u>(12,655)</u>
Excess of Cash Receipts and Other Financing Receipts over/(under) Cash Disbursements and Other Financing Disbursements	(25,691)	(2,819)	(8)	15,000	(13,518)
Fund Cash Balances, January 1,	<u>169,795</u>	<u>31,129</u>	<u>8</u>	<u>80,434</u>	<u>281,366</u>
Fund Cash Balances, December 31,	<u>\$ 144,104</u>	<u>\$ 28,310</u>	<u>\$ 0</u>	<u>\$ 95,434</u>	<u>\$ 267,848</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF WEST MANCHESTER
PREBLE COUNTY**

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

		<u>PROPRIETARY</u> <u>FUND TYPE</u> <u>Enterprise</u>
Operating Cash Receipts:		
Charges for Services	\$	173,731
Miscellaneous		4,965
		<u>178,696</u>
Total Operating Revenues		<u>178,696</u>
Operating Cash Disbursements:		
Personal Services		49,821
Travel Transportation		1,676
Contractual Services		39,421
Supplies and Materials		5,232
		<u>96,150</u>
Total Operating Cash Disbursements		<u>96,150</u>
Operating Income		<u>82,546</u>
Non Operating Cash Disbursements:		
Debt Service:		
Principal Payments		29,312
Interest Payments		58,424
		<u>87,736</u>
Total Non-Operating Cash Disbursements		<u>87,736</u>
Excess Receipts over Disbursements		
Before Operating Transfers and Advances		<u>(5,190)</u>
Transfers In		84,904
Transfers Out		(84,839)
Advance In		42,000
Advance Out		(29,410)
		<u>7,465</u>
Excess of Cash Receipts Over (Under) Cash Disbursements		7,465
Fund Cash Balances, January 1,		<u>70,146</u>
Fund Cash Balances, December 31,	\$	<u><u>77,611</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF WEST MANCHESTER
PREBLE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of West Manchester, Preble County, Ohio, (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 water, sewer, trash utilities and park operations. The Village contracts with the Preble County Sheriff's department to provide security of persons and property.

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

B. Basis of Accounting

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 a payment is made 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 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 values certificates of deposit at cost.

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.

**VILLAGE OF WEST MANCHESTER
PREBLE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (continued)

2. Special Revenue Funds:

These funds are 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:

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

Fire Fund – This fund receives money from contracts with local village and township fire districts to provide for the protection of area citizens.

3. Debt Service Fund:

This fund is used to accumulate resources for the payment of land acquisition indebtedness.

4. Capital Projects Fund:

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Fire Truck Reserve Fund – This fund receives fire contract monies set aside for the purchase of a fire truck.

5. 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 enterprise funds:

Water Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

Utility Improvement Fund (OWDA) – This fund receives loan proceeds from the Ohio Water Development Authority to finance a utility plant expansion. This loan will be repaid from a utility surcharge, also accounted for in this fund.

Sewer Fund – This fund receives charges for services from residents to cover the cost of sewer services.

**VILLAGE OF WEST MANCHESTER
PREBLE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

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. Unpaid Vacation and Sick Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**VILLAGE OF WEST MANCHESTER
PREBLE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009 and 2008

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and deposits 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:

	2009	2008
Demand deposits	\$273,665	\$124,959
Certificate of Deposit	<u>114,000</u>	<u>220,500</u>
Total	<u>\$387,665</u>	<u>\$345,459</u>

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

**VILLAGE OF WEST MANCHESTER
PREBLE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and 2008 as follows:

Fund Type	2009 Budgeted vs. Actual Receipts		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 105,770	\$ 89,129	\$ (16,641)
Special Revenue	281,958	270,895	(11,063)
Capital Projects	15,000	15,000	0
Enterprise Funds	206,000	279,944	73,944
Total	<u>\$ 608,728</u>	<u>\$ 654,968</u>	<u>\$ 46,240</u>

Fund Type	2009 Budgeted vs. Actual Budgetary Basis Expenditures		
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 95,500	\$ 109,595	\$ (14,095)
Special Revenue	240,958	246,058	(5,100)
Capital Projects	1,700	1,175	525
Enterprise Funds	198,500	255,934	(57,434)
Total	<u>\$ 536,658</u>	<u>\$ 612,762</u>	<u>\$ (76,104)</u>

Fund Type	2008 Budgeted vs. Actual Receipts		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 90,000	\$ 83,901	\$ (6,099)
Special Revenue	98,737	85,095	(13,642)
Debt Service	0	0	0
Capital Projects	15,000	15,000	0
Enterprise Funds	273,270	263,600	(9,670)
Total	<u>\$ 477,007</u>	<u>\$ 447,596</u>	<u>\$ (29,411)</u>

Fund Type	2008 Budgeted vs. Actual Budgetary Basis Expenditures		
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 96,200	\$ 96,909	\$ (709)
Special Revenue	93,050	87,914	5,136
Debt Service	0	8	(8)
Capital Projects	1,700	0	1,700
Enterprise Funds	192,700	268,725	(76,025)
Total	<u>\$ 383,650</u>	<u>\$ 453,556</u>	<u>\$ (69,906)</u>

**VILLAGE OF WEST MANCHESTER
PREBLE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009 and 2008

3. BUDGETARY COMPLIANCE (Continued)

Ohio Rev. Code, Section 5705.41(B), states in part that no subdivision or taxing unit is to expend money unless it has been appropriated. Contrary to Ohio Law, the Village's expenditures exceeded appropriations in 2009 in General, Fire, Street, and Sewer funds by \$14,095, \$8,111, \$2,171, and \$66,300, respectively. In 2008, expenditures exceeded appropriations in the General and Sewer funds by \$709 and \$82,044.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. 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 payment, the first half is due December 31. The second half payment is due the following June 20. 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.

5. DEBT

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$ 173,019	0.00%
Sewer System Mortgage Revenue Bonds	220,280	4.25%
Issuers Sewer System	1,088,930	4.25%
Ohio Water Development Authority	<u>37,041</u>	3.92%
	<u>\$1,519,270</u>	

The Ohio Public Works Commission loan relates to the water treatment plant improvements. The interest-free loan is to be repaid in semiannual installments of \$6,921, which started in 2003 for a period of 20 year ending in 2022.

The Sewer System Mortgage Revenue Bonds relates to the sewer system improvements. The loan is to be repaid in annual installments, including interest at 4.25%, starting in 2006 for a period of 40 years ending in 2045.

The Issuers Sewer System relates to the sewer system improvements. The loan is to be repaid in annual installments, including interest at 4.25%, starting in 2006 for a period of 40 years ending in 2045.

**VILLAGE OF WEST MANCHESTER
PREBLE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009 and 2008

5. DEBT (Continued)

The Ohio Water Development Authority loan relates to the sewer system improvements. The loan is to be repaid in semiannual installments, including interest at 3.92%, for a period of 30 years ending 2037.

Amortization of the above debt is scheduled as follows:

Year	Sewer System Mortgage Revenue Bonds		Issuers Sewer System Bonds	
	Principal	Interest	Principal	Interest
	2010	\$2,694	\$9,362	\$ 13,320
2011	2,809	9,247	13,886	45,714
2012	2,928	9,128	14,476	45,123
2013	3,053	9,003	15,092	44,508
2014	3,183	8,874	15,733	43,867
2015 - 2019	18,060	42,221	89,281	208,717
2020 - 2024	22,239	38,043	109,936	188,062
2025 - 2029	27,383	32,898	135,370	162,629
2030 - 2034	33,719	26,563	166,687	131,312
2035 - 2039	41,519	18,762	205,249	92,749
2040 - 2044	51,125	9,157	252,730	45,266
2045 - 2049	11,568	492	57,170	2,430
Totals	<u>\$220,280</u>	<u>\$213,750</u>	<u>\$1,088,930</u>	<u>\$1,056,657</u>

Year	OPWC	OWDA Loan	
	Principal	Principal	Interest
2010	\$ 6,921	\$ 391	\$ 726
2011	13,842	807	1,429
2012	13,842	839	1,397
2013	13,842	872	1,364
2014	13,842	906	1,329
2015 - 2019	69,208	5,100	6,079
2020 - 2024	41,522	6,192	4,987
2025 - 2029	0	7,519	3,660
2030 - 2034	0	9,130	2,049
2035 - 2039	0	5,285	305
Totals	<u>\$173,019</u>	<u>\$37,041</u>	<u>\$23,325</u>

**VILLAGE OF WEST MANCHESTER
PREBLE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009 and 2008

6. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10.0 percent of their gross salaries and the Village contributed an amount equaling 14.0 percent of covered payroll and public safety and law enforcement employer units contributed to OPERS at 17.4 percent. The Village has paid all contributions required through December 31, 2009.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

8. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 25, 2010, the date on which the financial statements were available for issue.

9. TRANSFERS

All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.15.

	2009	2008
Transfers from the General Fund to:		
Special Revenue Funds	\$ 7,143	\$ 8,000
Enterprise Funds	0	65
Transfers from the Debt Service Fund to:		
General Fund	0	8
Transfers from the FEMA Fund to:		
General Fund	2,749	0
Special Revenue Funds	73,802	0
Transfers from the Enterprise Fund to:		
Enterprise Debt Service Funds	84,770	84,839
Total Transfers	\$ 168,464	\$ 92,912

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MANNING & ASSOCIATES CPAs, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414

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

Village Council
Village of West Manchester
Preble County
P. O. Box 168
West Manchester, Ohio 45382

To the Village Council:

We have audited the accompanying financial statements of the Village of West Manchester, Preble County, Ohio (the Village), as of and for the years ended December 31, 2009, and 2008, and have issued our report thereon dated June 25, 2010 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 conducted our audits 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 auditing 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's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected. We consider Findings 2009-002 through 2009-004 described in the accompanying schedule of findings to be material weaknesses.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as Findings 2009-001, 2009-003, and 2009-005.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 25, 2010.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit those responses and, accordingly, we express no opinion on them.

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.

Manning & Associates CPAs, LLC
Dayton, Ohio

June 25, 2010

**VILLAGE OF WEST MANCHESTER
PREBLE COUNTY**

SCHEDULE OF FINDINGS
DECEMBER 31, 2009 and 2008

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

FINDING NUMBER 2009-001

Noncompliance

Ohio Rev. Code Section 5705.41 (D) states that no order or contract involving the expenditure of money is to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrances, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts less than \$3,000 may be paid by the fiscal officer without such certificate of the taxing authority upon completion of the “then and now” certificate, provided that the expenditures is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

The Village issued “Then and Now” purchase orders for amounts over the \$3,000; 2 in 2009 and 1 in 2008. Additionally, the Village issued purchase orders after the incurrence of an expense without certifying the purchase order as a “Then and Now” for 11 out of 97 expenditures tested in 2009 and 5 out of 100 expenditures tested in 2008.

To improve controls over disbursements and to help reduce the possibility of the Village’s funds exceeding budgetary spending limitations, we recommend that the Village’s Fiscal Officer certify that the funds are or will be available prior to the obligation by the Village. When prior certification is not possible, and other conditions are met, “Then and Now” certification should be used.

Response: The Fiscal Officer will review the code section referenced above and ensure that purchase orders are properly used in the future.

**VILLAGE OF WEST MANCHESTER
PREBLE COUNTY**

SCHEDULE OF FINDINGS
DECEMBER 31, 2009 and 2008

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-002

Material Weakness - Financial Reporting and Financial Statements

The Village's annual financial reports for both 2009 and 2008 included misstatements and omissions resulting in inaccurate reporting of the Village's financial information, as follows:

1. Transfers and Advances were not included, or were incorrectly reported on annual reports,
2. Revenue and expenditure were misposted or were incorrectly placed,
3. Beginning and ending fund balances were not included/calculated,
4. Checking account with a \$2,002 balance was omitted from 2008 annual report,
5. Budgetary information was not completed and reported on the annual reports,

These misstatements and omissions present an accurate picture of the financial status of the Village and can mislead the users of the report. The Fiscal Officer should review the reports to ensure that all revenues and expenditures are reported correctly and that all sections of the annual report are properly completed before being filed.

Response: The Fiscal Officer will make every effort to ensure that all transactions are properly recorded and reported in the future and Council will review the report for accuracy.

FINDING NUMBER 2009-003

Material Weakness/Noncompliance

Ohio Admin Code Section 117-2 provides that the Fiscal Officer shall keep the books of the Village; exhibit accurate statements of all monies received and expended, and maintain records of all property owned by the Village and income derived. In addition, Ohio Admin Code Section 117-2-02(A) states that all public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets and liabilities, document compliance with finance relate legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the administrative code. The following was noted:

1. Village records, maintained electronically, were incomplete and reported receipt and disbursement transactions by fund only,
2. Transfers and Advances were not recorded, or were incorrectly recorded,
3. Debt payments were recorded as contracted services and/or other financing uses,
4. Intergovernmental receipts were posted as special assessments,
5. Interest was not properly allocated,

**VILLAGE OF WEST MANCHESTER
PREBLE COUNTY**

SCHEDULE OF FINDINGS
DECEMBER 31, 2009 and 2008

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

FINDING NUMBER 2009-003 (Continued)

These conditions exhibit a lack of control over the recording and reporting of financial activity and resulted in inaccurate accounting records. Failure to provide accurate and complete information limits management's resources for decision making and provides a false perception of the Village's financial position.

The Village maintained paper ledgers which reported transactions within each fund by line item, however, electronic records maintained in excel and used to prepare reports reported receipts and disbursements by fund only. We recommend that the Village implement accounting software, such as the UAN system, to allow for more accurate record keeping and simplified preparation of reports. We further recommend that the Fiscal Officer ensure that all transactions are recorded properly.

Response: The Village will review our recommendations and make changes as necessary.

FINDING NUMBER 2009-004

Material Weakness

In the July 2009 meeting minutes, we noted a discussion regarding the improper personal use of the Village-owned gas card by Terry Hofacker, Village Fire Chief at the time. The Village discovered that Terry Hofacker had been using the Village-owned gas card to fuel his personal vehicle and the vehicles of others within the Fire Department. The misuse came to the Village's attention during a review of average monthly fuel charges in which charges were to be matched to a specific vehicle within the Fire Department. It was during this review that the Village became aware that the Fire Department owns only one vehicle which uses unleaded gasoline, a 1961 Ford Brush vehicle which is used to put out grass fires only; all other Fire Department vehicles use diesel fuel. This knowledge made the frequent charges for unleaded gasoline seem suspicious and lead to questioning of Terry Hofacker.

Terry Hofacker acknowledged that he allowed personal use of the Village's gas card by Fire Department employees as well as himself in place of reimbursing for travel expenses. A hearing was held in an executive session in August 2009, at which time Terry Hofacker was suspended for 60 days and asked to turn in all Village-owned property in his possession. He resigned his position as Fire Chief in September 2009.

Fire Department policy is to refuel vehicles on the way back to the station after being called out on a run. A comparison was made between unleaded gasoline purchases reported on the Village's monthly gas card statements for January through July 2009 and the Fire Department's run logs for the same period. Our comparison revealed \$1,655.10 in unleaded gasoline charges which could not be attributed to the refueling of the Village's only vehicle which uses unleaded gasoline, the 1961 Ford Brush vehicle.

In addition, Terry Hofacker faxed handwritten requests requesting the purchase of toner for printers which were later determined to be personal printers. We discovered a total of \$260.91 in toner purchases for printers which were not owned by the Village or the Fire Department.

**VILLAGE OF WEST MANCHESTER
PREBLE COUNTY**

SCHEDULE OF FINDINGS
DECEMBER 31, 2009 and 2008

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-004 (Continued)

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.*, 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. Rel. *Village of Linndale v. Masten*, 18 Ohio St. 3d 228 (1985). Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 OP. Atty Gen. No. 80-074.

During our audit we found nothing to suggest that any attempt has been made by the Village to have former Fire Chief Terry Hofacker make restitution to the Village for the misuse of the Village-owned gas card and printer supplies.

Response: The former Fire Chief is no longer employed by the Village and procedures are now in place to prevent a similar situation in the future.

FINDING NUMBER 2009-005

Noncompliance

Ohio Rev. Code, Section 5705.41(B), states in part that no subdivision or taxing unit is to expend money unless it has been appropriated. The Village had expenditures in excess of appropriations in the following funds:

<u>Fund</u>	<u>Appropriation</u>	<u>Actual Expenditure</u>	<u>Variance</u>
<u>2009</u>			
General Fund	\$ 95,500	\$ 109,595	\$ (\$14,095)
Fire Fund	123,700	131,811	(8,111)
Street Fund	34,650	36,821	(2,171)
Sewer Fund	53,300	119,600	(66,300)
<u>2008</u>			
General Fund	\$ 96,200	\$ 96,909	\$ (709)
Sewer Fund	54,300	136,344	(82,044)

Expenditures in excess of appropriations could result in negative fund balances and lead to overspending. The Village should ensure that annual appropriations are passed timely, appropriations and expenditures are monitored, and that revisions are made as necessary.

Response: The Village will more closely monitor budgetary and actual amounts in the future and will make any necessary amendments.

**VILLAGE OF WEST MANCHESTER
PREBLE COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; Explain
2007-001	ORC 5705.41 (D) - Failure to properly certify availability of funds prior to incurrence of the expense	No	Reissued as Finding 2009-001
2007-002	ORC 5705.36 - Estimated receipts exceeding actual receipts	Yes	
2007-003	Village did not perform timely and proper monthly bank reconciliations	Yes	
2007-004	Annual reports for 2007 and 2006 were innacurate and incomplete	No	Reissued as Finding 2009-002
2007-005	ORC 733.28 - Failure to properly maintain books and records	No	Reissued as Finding 2009-003



Dave Yost • Auditor of State

VILLAGE OF WEST MANCHESTER

PREBLE 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 5, 2011