

***VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2011 & 2010

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Dave Yost • Auditor of State

Village Council
Village of West Mansfield
127 North Main Street
West Mansfield, Ohio 43358

We have reviewed the *Report of Independent Accountants* of the Village of West Mansfield, Logan County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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 *Report of Independent Accountants* 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 *Report of Independent Accountants* 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 Mansfield is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

January 30, 2013

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**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2011 & 2010**

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

Village of West Mansfield
Logan County
127 North Main Street
West Mansfield, Ohio 43358

To the Village Council:

We have audited the accompanying financial statements of the Village of West Mansfield, Logan County, Ohio (the Village), as of and for the years ended December 31, 2011 and 2010. 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 that 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 Governments 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, 2011 and 2010, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2011 and 2010, or its changes in financial position or cash flows 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 as of December 31, 2011 and 2010 of the Village of West Mansfield, Logan County, and its combined cash receipts and disbursements and changes in fund cash balances for the years then ended on the accounting basis Note 1 describes.

As described in Note 8, during 2010 the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2012, 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.

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.

October 12, 2012

VILLAGE OF WEST MANSFIELD
 LOGAN COUNTY, OHIO
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 All Governmental Fund Types
 For the Year Ended December 31, 2011

	Governmental Fund Types				Totals- (Memorandum Only)
	General	Special Revenue	Capital Projects	Debt Service	
Receipts:					
Property Taxes	\$ 75,758	\$ -	\$ 42,067	\$ -	\$ 117,825
Intergovernmental	59,870	32,732	48,710	-	141,312
Fines, Licenses and Permits	7,045	-	-	-	7,045
Interest	1,274	-	-	-	1,274
Other	430	-	-	-	430
Total Receipts	144,377	32,732	90,777	-	267,886
Disbursements:					
Current:					
Security of Persons & Property	-	18,865	-	-	18,865
Public Health Service	4,388	-	-	-	4,388
Leisure Time Activities	5,594	-	-	-	5,594
Community Environment	2,048	-	-	-	2,048
Transportation	-	55,244	-	-	55,244
General Government	63,633	-	1,244	-	64,877
Capital Outlay	-	44,987	51,016	-	96,003
Debt Service:					
Principal	-	6,684	-	756	7,440
Interest	-	1,304	-	-	1,304
Total Disbursements	75,663	127,084	52,260	756	255,763
Total Receipts Over/(Under)					
Disbursements	68,714	(94,352)	38,517	(756)	12,123
Other Financing Receipts/ (Disbursements)					
Sale of Notes	-	31,537	-	-	31,537
Transfers In	-	79,500	-	-	79,500
Transfers Out	(79,500)	-	-	-	(79,500)
Total Other Financing Receipts/ (Disbursements)	(79,500)	111,037	-	-	31,537
Excess of Cash Receipts and Other Financing Receipts Over/ (Under) Cash Disbursements and Other Financing Disbursements	(10,786)	16,685	38,517	(756)	43,660
Fund Cash Balance, January 1, 2011	82,392	85,186	294,042	756	462,376
Restricted	-	101,871	332,559	-	434,430
Unassigned	71,606	-	-	-	71,606
Fund Cash Balance, December 31, 2011	\$ 71,606	\$ 101,871	\$ 332,559	\$ -	\$ 506,036

See Accompanying Notes to the Financial Statements.

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES -PROPRIETARY FUND TYPE
For the Year Ended December 31, 2011**

	Enterprise
Operating Receipts:	
Charges for Services	\$ 369,639
Other	14,850
	384,489
Total Operating Receipts	384,489
Operating Disbursements:	
Personal Services	49,356
Employee Fringe Benefits	15,157
Contractual Services	43,246
Supplies and Materials	70,437
Other	1,750
	179,946
Total Operating Disbursements	179,946
Operating Income	204,543
Non-Operating Receipts/(Disbursements):	
Capital Outlay	(13,893)
Debt Service:	
Principal Retirement	(79,482)
Interest and Fiscal Charges	(105,405)
	(198,780)
Total Nonoperating Receipts/(Disbursements)	(198,780)
Excess of Receipts and Nonoperating Receipts Over (Under) Disbursements and Nonoperating Disbursements	5,763
Transfers In	110,385
Transfers Out	(110,385)
	5,763
Net Change in Fund Cash Balances	5,763
Fund Cash Balance, January 1, 2011	122,450
Fund Cash Balance, December 31, 2011	\$ 128,213

See Accompanying Notes to the Financial Statements.

VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2010

	Governmental Fund Types				Totals- (Memorandum Only)
	General	Special Revenue	Capital Projects	Debt Service	
Receipts:					
Property Taxes	\$ 76,887	\$ 144	\$ 40,019	\$ -	\$ 117,050
Intergovernmental	59,933	33,411	7,705	-	101,049
Fines, Licenses and Permits	4,473	-	-	-	4,473
Interest	1,302	-	-	-	1,302
Other	905	7,289	-	-	8,194
Total Receipts	143,500	40,844	47,724	-	232,068
Disbursements:					
Current:					
Security of Persons & Property	13,019	5,540	-	-	18,559
Public Health Service	4,210	-	-	-	4,210
Leisure Time Activities	6,423	-	-	-	6,423
Community Environment	2,715	-	-	-	2,715
Transportation	-	52,181	-	-	52,181
General Government	60,589	-	1,069	-	61,658
Capital Outlay	-	-	13,926	-	13,926
Total Disbursements	86,956	57,721	14,995	-	159,672
Total Receipts Over/(Under) Disbursements	56,544	(16,877)	32,729	-	72,396
Other Financing Receipts/ (Disbursements)					
Transfers In	-	51,400	-	-	51,400
Transfers Out	(51,400)	-	-	-	(51,400)
Total Other Financing Receipts (Disbursements)	(51,400)	51,400	-	-	-
Excess of Cash Receipts and Other Financing Receipts Over/ (Under) Cash Disbursements and Other Financing Disbursements	5,144	34,523	32,729	-	72,396
Fund Cash Balance, January 1, 2010-Restated	77,248	50,663	261,313	756	389,980
Restricted	-	85,186	294,042	756	379,984
Assigned	344	-	-	-	344
Unassigned	82,048	-	-	-	82,048
Fund Cash Balance, December 31, 2010	\$ 82,392	\$ 85,186	\$ 294,042	\$ 756	\$ 462,376

See Accompanying Notes to the Financial Statements.

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES -PROPRIETARY FUND TYPE
For the Year Ended December 31, 2010**

	Enterprise
Operating Receipts:	
Charges for Services	\$ 322,521
Other	4,760
	327,281
Total Operating Receipts	327,281
Operating Disbursements:	
Personal Services	48,203
Employee Fringe Benefits	8,471
Contractual Services	65,890
Supplies and Materials	58,933
Other	2,200
	183,697
Total Operating Disbursements	183,697
Operating Income	143,584
Non-Operating Receipts/(Disbursements):	
Debt Service:	
Principal Retirement	(77,811)
Interest and Fiscal Charges	(107,896)
	(185,707)
Total Nonoperating Receipts/(Disbursements)	(185,707)
Excess of Receipts and Nonoperating Receipts Over (Under) Disbursements and Nonoperating Disbursements	(42,123)
Transfers In	36,050
Transfers Out	(36,050)
	(42,123)
Net Change in Fund Cash Balances	(42,123)
Fund Cash Balance, January 1, 2010	164,573
Fund Cash Balance, December 31, 2010	\$ 122,450

See Accompanying Notes to the Financial Statements.

VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of West Mansfield, Logan County (the Village) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six member Council. The Village provides general governmental services, street maintenance, police and fire protection, park operations, and water and sewer services for its citizens. The Village contracts with the Logan County Sheriff's department to provide security of persons and property.

The Village's management believes these financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The Village prepares its financial statements following 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.)

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

C. CASH

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. FUND ACCOUNTING

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

Governmental Fund Types:

General Fund: The general operating fund of the Village. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

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

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

Capital Project Funds: These funds account for receipts that are restricted for the acquisition of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Projects Funds:

- Capital Street Repair Fund – This fund receives grant money from the State for repair and maintenance of Village streets.
- Capital 97 Water Plant Fund - This fund receives property tax money for repair and maintenance of the Village's water system.
- Capital Fire/Tower Fund - This fund receives property tax money for repair and maintenance of the Village's fire tower.

Proprietary Fund Types:

Enterprise Funds: To account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

The Village has the following significant Enterprise Funds:

- Sewer Fund- This fund receives loans and grants for the planning construction of a wastewater collection system as well as user fees from residents for the operation of the system.
- Water Fund- This fund receives loans and grants for the planning construction of a water distribution system as well as user fees for the operation of the system.
- Debt Service-Bond Debt Fund – This fund collects a sewer surcharge to repay bond debt.
- Water Plant Renovation Fund – This fund received OWDA loan proceeds and federal grant money for the renovation project of its water plant. This fund also collects user charges as additional funding for the project.

E. BUDGETARY PROCESS

A budget of estimated cash receipts and disbursements is prepared by the Fiscal Officer, approved by the Village Council, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

1. Estimated Resources

The county auditor calculates the estimated revenues available to the Village. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Village. The certificate is approved by the county budget commission and sent to the Village Fiscal Officer by September 1.

Prior to December 31, the Village must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of estimated resources stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Fiscal Officer sends the county auditor a certificate which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected revenue increases or the Fiscal Officer identifies decreases in revenue.

VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS- (Continued)

Budgeted receipts, as shown in Note 4, do not include the unencumbered fund balances as of January 1, 2010 and 2011. However, those fund balances are available for appropriation.

2. Appropriations

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

3. Encumbrances

The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control. The legal level of control is the object level.

F. FUND BALANCE

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources.

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

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

VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. FUND BALANCE – (Continued)

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

4. Assigned- Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restrict or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Village Council.

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

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

G. PROPERTY, PLANT AND EQUIPMENT

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

H. ACCUMULATED 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 MANSFIELD
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	<u>2011</u>	<u>2010</u>
Demand Deposits	\$604,249	\$554,826
Certificates of Deposit	<u>30,000</u>	<u>30,000</u>
Total Deposits	<u>\$634,249</u>	<u>\$584,826</u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

3. PROPERTY TAXES

Real property taxes are levied on assessed values, which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The State Board of Tax Equalization adjusts the tax rates for inflation. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Village by the State of Ohio. The amounts reimbursed by the State of Ohio are reflected in the accompanying financial statements as intergovernmental receipts.

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

The County Treasurer collects property tax on behalf of all taxing authorities within the county. The County Auditor periodically remits to the taxing authorities their portions of the taxes collected.

VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

<u>Fund:</u>	<u>2011 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 140,625	\$ 144,377	\$ 3,753
Special Revenue Funds	144,300	143,769	(531)
Capital Projects Funds	99,700	90,777	(9,454)
Debt Service	-	-	-
Enterprise Fund	479,200	494,874	15,674

<u>Fund:</u>	<u>2011 Budgeted vs Actual Budgetary Basis Disbursements</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	
General Fund	\$ 166,248	\$ 155,163	\$ 11,085
Special Revenue Funds	139,571	127,084	12,487
Capital Projects Funds	179,045	52,260	126,785
Debt Service	756	756	-
Enterprise Fund	564,650	498,861	65,789

<u>Fund:</u>	<u>2010 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 125,666	\$ 143,500	\$ 17,834
Special Revenue Funds	115,841	92,244	(23,597)
Capital Projects Funds	42,827	47,724	4,897
Debt Service	-	-	-
Enterprise Fund	471,000	363,331	(107,669)

<u>Fund:</u>	<u>2010 Budgeted vs Actual Budgetary Basis Disbursements</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	
General Fund	\$ 148,916	\$ 138,700	\$ 10,216
Special Revenue Funds	116,508	106,048	10,460
Capital Projects Funds	127,400	14,995	112,405
Debt Service	-	-	-
Enterprise Fund	433,255	415,204	18,051

The Village was in violation of Ohio Revised Code Section 5705.39.

VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010

5. RETIREMENT SYSTEM

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a state operated, cost sharing, multiple employer plan. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are prescribed by the Ohio Revised Code. For 2011 and 2010 OPERS, members contributed 10.00% of their gross pay while the Village contributed an amount equal to 14.00% of covered payroll. The Village paid all required contributions through 2011.

6. RISK MANAGEMENT

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

RISK POOL MEMBERSHIP

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

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

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

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

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

6. RISK MANAGEMENT - (Continued)

RISK POOL MEMBERSHIP – (Continued)

Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 782 and 761 members as of December 31, 2011 and 2010 respectively. The Village participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members.

These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of-pocket maximums. OPHC had 70 and 65 members as of December 31, 2011 and 2010 respectively. The Village does not participate in this coverage.

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

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

The Pool’s audited financial statements (audited by other accountants) conform to generally accepted accounting principles, and reported the following assets, liabilities and member’s equity at December 31, 2011 and 2010, and include amounts for both OPRM and OPHC:

	2011		2010	
	OPRM	OPHC	OPRM	OPHC
Assets	\$12,051,280	\$1,459,791	\$12,036,541	\$1,355,131
Liabilities	<u>(5,328,761)</u>	<u>(1,283,527)</u>	<u>(4,845,056)</u>	<u>(1,055,096)</u>
Members’ Equity	<u>\$7,172,519</u>	<u>\$176,264</u>	<u>\$7,191,485</u>	<u>\$300,035</u>

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

VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010

6. RISK MANAGEMENT - (Continued)

RISK POOL MEMBERSHIP – (Continued)

All employees of the Village are covered by a blanket bond, while certain individuals in policy-making roles are covered by separate, higher limit bond coverage.

The Village pays the State Worker’s Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

7. DEBT

Debt outstanding at December 31, 2011 is as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #2132	\$ 68,451	5.86%
Ohio Water Development Authority Loan #4263	1,389,207	5.0%
Ohio Public Works Commission Loan #CT39G	36,249	0.0%
USDA Loans	1,422,300	5.0%
Truck Loan	24,916	5.0%
Total	<u>\$ 2,941,123</u>	

The USDA loans were issued to refinance Sanitary Sewer System Revenue Mortgage Bonds issued for the construction of a sewer system that was mandated by the Ohio Environmental Protection Agency. The loans will be retired with user service charges. Interest is paid annually and all bonds will have matured by 2037.

The 1997 Ohio Water Development Authority (OWDA) loan for the sanitary sewer relates to the construction of a sewer system that was mandated by the Ohio Environmental Protection Agency. In 1997 the OWDA approved up to \$150,000 in loans to the Village for this project and has since finalized the loan at a total of \$141,548. A payment schedule has been determined by the loan amount received to date. The Village is required to make payments until July 1, 2018. The loan will be retired with user service charges.

In 2005 Ohio Water Development authority (OWDA) loan for the water system relates to the renovation of the water treatment plant. In 2005 the OWDA approved up to \$1,757,033 in loans to the Village for this project. The OWDA finalized the loan at a total amount of \$1,613,018 and released a payment schedule that has been determined by the final loan amount. The Village is required to make payments until January 1, 2036. The loan will be retired with user service charges.

VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010

7. DEBT – (Continued)

The 2005 Ohio Public Works Commission (OPWC) loan for the water system relates to renovation of the water treatment plant. The Village is required to make payments until January 1, 2026. The loan will be retired with user service charges.

Principal and interest requirements for loans outstanding at December 31, 2011 are as follows:

Year Ending December 31:	USDA loan	OWDA loans	OPWC loan	Truck Loan
2012	\$98,815	\$84,203	\$2,500	\$7,989
2013	99,030	84,203	2,500	8,715
2014	98,865	84,203	2,500	8,715
2015	98,395	84,203	2,500	728
2016	99,025	84,203	2,500	-
2017-2021	494,675	337,063	12,500	-
2022-2026	494,870	360,010	11,249	-
2027-2031	494,655	360,010	-	-
2032-2036	494,735	324,008	-	-
2037-2039	98,910	-	-	-
Total	<u>\$2,571,975</u>	<u>\$1,802,106</u>	<u>\$36,249</u>	<u>\$26,147</u>

8. CHANGE IN ACCOUNTING PRINCIPLE

For 2010, the Village implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on the fund balances as previously reported.

9. FISCAL EMERGENCY

On August 13, 2009 the Village was declared to be in a state of fiscal emergency by the Auditor of State pursuant to Ohio Revised Code Section 188.04. The Village Council approved its financial plan and guideline to exit fiscal emergency on November 30, 2009 and submitted it to the Auditor of State per the Ohio Revised Code.

The Village is expects to exit fiscal emergency in 2014.

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

10. PRIOR PERIOD ADJUSTMENT

Due to an error from many years ago, the December 31, 2009 allocation of cash balances by fund was incorrectly stated in the previous audit reports. The allocation of cash balances at January 1, 2010 was adjusted to correct the error. A summary of the cash balances as previously reported compared to the actual allocation of cash balances is as follows:

	Special Revenue	Capital Projects
Previously Reported	<u>\$45,628</u>	<u>\$266,348</u>
Restated	<u>\$50,663</u>	<u>\$261,313</u>

11. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

The Village enacted an income tax of 1.00 percent with the revenue to benefit the general fund effective January 1, 2013.

Management believes there are no pending claims or lawsuits.

12. TRANSFERS

Transfers are made from the General Fund to the Special Revenue-Street Maintenance Fund periodically to complete various street projects throughout the year. Also, transfers are made from the Enterprise-Water Operating and Sewer Operating funds to the various debt service and reserve funds for debt payments and to reserve monies for future capital purchases. All transfers were made in accordance with the Ohio Revised Code.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Village of West Mansfield
Logan County
127 North Main Street
West Mansfield, Ohio 43358

To Village Council:

We have audited the financial statements of the Village of West Mansfield, Logan County, Ohio (the Village) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated October 12, 2012, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America and implemented GASB Statement No. 54. 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.

Internal Controls 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 the purpose of expressing our opinions 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 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 a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

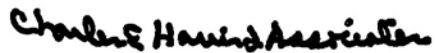
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-WMAN-02 described in the accompanying Schedule of Findings to be a material weakness.

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 such an opinion. The results of our tests disclosed an instance of noncompliance that we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as finding 2011-WMAN-01.

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

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



Charles E. Harris and Associates, Inc.

October 12, 2012

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY
Schedule of Findings
December 31, 2011 and 2010**

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

Finding Number 2011-WMAN-01 - Noncompliance Citation

Appropriations Exceeded Estimated Resources

Ohio Revised Code Section 5705.39 states, in part, that "... The total appropriations from each fund shall not exceed the total of the estimated resources available for expenditure there from, as certified by the budget commission..." This section also provides that no appropriation measure shall become effective until the Village obtains the County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources. Contrary to this requirement, the following fund had total appropriations in excess of estimated resources plus carryover balances:

2011

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
SR-SCMR Fund	\$45,044	\$51,744	\$(6,700)
SR-State Highway	16,550	18,000	(1,450)
Ent-Water Operating	123,020	149,000	(25,980)
Ent-Sewer Operating	157,829	217,500	(59,671)

2010

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
SR-SCMR Fund	\$ 51,482	\$80,238	\$(28,756)
SR-State Highway	(7,434)	26,512	(33,946)
Ent-Water Operating	101,982	136,200	(34,218)

We recommend that the Fiscal Officer limit appropriations to estimated resources.

Management Response:

The new fiscal officer will regularly compare all budgetary information and report to Council to avoid budget issues in the future.

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY
Schedule of Findings - continued
December 31, 2011 and 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2011-WMAN-02 – Material Weakness

Accounting Error

Due to an accounting error in the assembling of the financial statements, the allocation of the cash fund balances was incorrectly reported. The special revenue funds were understated by \$5,035 and the capital projects funds were overstated by a like amount.

We recommend that the Council implement procedures to ensure that bi-annual audit reports are reviewed by management prior to being filed with the Auditor of State.

Management Response:

The accounting issues were the product of a previous fiscal officer. The new fiscal officer will ensure all transactions are posted in accordance with the UAN manual and the Village Officer's Handbook. Also, audit reports will be thoroughly review before released.

VILLAGE OF WEST MANSFIELD
 LOGAN COUNTY, OHIO
 For the Years Ended December 31, 2011 and 2010

SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2009-01	Material Weakness-Controls over accounting and reporting	Yes	
2009-02	Material Weakness-Monitoring Control System	Yes	
2009-3	Material Weakness/Noncompliance-Minutes not available or approved; Executive sessions not documented	Yes	
2009-04	Material Weakness/Noncompliance ORC 733.28-Accounting records not properly maintained	Yes	
2009-05	ORC 5705.10 (H)-Negative fund balances	No	Finding No Longer Valid-Entity in Fiscal Emergency
2009-06	Ohio Rev. Code, Section 5705.36 - Failure to obtain the amended certificate of estimated resources	Yes	
2009-07	Ohio Rev. Code, Section 5705.36 – Failure to certify correct fund balances to County Auditor	Yes	
2009-08	Ohio Rev. Code Section 5705.39 – Appropriations not filed with County Auditor	Yes	
2009-09	Ohio Rev. Code, Section 5705.39- Appropriations exceeded estimated resources	No	Repeated as 2011-WMAN-01

VILLAGE OF WEST MANSFIELD
 LOGAN COUNTY, OHIO
 For the Years Ended December 31, 2011 and 2010

SCHEDULE OF PRIOR AUDIT FINDINGS-(Continued)

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2009-10	Ohio Rev. Code, Section 5705.40- Appropriations not amended	Yes	
2009-11	Ohio Rev. Code, Section 5705.41(B)- Expenditures exceeded appropriations	Yes	

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Dave Yost • Auditor of State

VILLAGE OF WEST MANSFIELD

LOGAN 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
FEBRUARY 12, 2013**