



**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF WEST MANSFIELD
LOGAN COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of West Mansfield
Logan County
259 East Center 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, 1999 and 1998. 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 generally accepted auditing standards 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 and reserves for encumbrances of the Village as of December 31, 1999 and 1998, 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 September 25, 2000 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.

This report is intended solely for the information and use of the 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, appearing to read "Jim Petro".

Jim Petro
Auditor of State

September 25, 2000

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**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$23,172	\$17,043	\$29,230	\$69,445
Intergovernmental Receipts	60,289	23,515	3,879	87,683
Fines, Licenses, and Permits	510			510
Earnings on Investments	4,306	1,107		5,413
Miscellaneous	1,471		900	2,371
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	89,748	41,665	34,009	165,422
Cash Disbursements:				
Current:				
Security of Persons and Property	3,042	14,996		18,038
Leisure Time Activities	5,952			5,952
Community Environment	216			216
Transportation	32,521	5,714		38,235
General Government	55,656	119	188	55,963
Capital Outlay			31,643	31,643
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	97,387	20,829	31,831	150,047
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(7,639)	20,836	2,178	15,375
Other Financing Receipts/(Disbursements):				
Other Financing Sources	2,315			2,315
Refund of Prior Year Expenditure	2,863	246		3,109
Advances-In	13,500			13,500
Advances-Out	(13,500)			(13,500)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	5,178	246	0	5,424
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(2,461)	21,082	2,178	20,799
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	36,851	47,894	70,362	155,107
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$34,390	\$68,976	\$72,540	\$175,906
Reserves for Encumbrances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$475	\$896	\$3,820	5,191

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

VILLAGE OF WEST MANSFIELD
LOGAN COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$118,799
Miscellaneous	1,600
	120,399
Total Operating Cash Receipts	120,399
Operating Cash Disbursements:	
Personal Services	64,287
Fringe Benefits	13,020
Contractual Services	50,194
Supplies and Materials	18,535
Miscellaneous	525
Capital Outlay	225
	146,786
Total Operating Cash Disbursements	146,786
Operating Income/(Loss)	(26,387)
Non-Operating Cash Receipts:	
Special Assessments	117,252
Proceeds from Loans	10,495
Other Non-Operating Receipts	239
Fines, Licenses, & Permits	5
	127,991
Total Non-Operating Cash Receipts	127,991
Non-Operating Cash Disbursements:	
Debt Service	96,381
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	5,223
Transfers-In	5,000
Advances-In	13,500
Transfers-Out	(5,000)
Advances-Out	13,500
	13,500
Net Receipts Over/(Under) Disbursements	5,223
Fund Cash Balances, January 1	132,630
Fund Cash Balances, December 31	\$137,853
Reserve for Encumbrances, December 31	\$3,359

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

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$17,372	\$13,667	\$25,583	\$56,622
Intergovernmental Receipts	56,306	26,913	3,818	87,037
Fines, Licenses, and Permits	3,016			3,016
Earnings on Investments	7,693			7,693
Miscellaneous	7,231			7,231
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	91,618	40,580	29,401	161,599
Cash Disbursements:				
Current:				
Security of Persons and Property	2,860	5,404		8,264
Leisure Time Activities	1,858	10,896		12,754
Community Environment	408			408
Transportation	4,426	35,339	148	39,913
General Government	76,476			76,476
Capital Outlay	42		17,591	17,633
	<hr/>	<hr/>	<hr/>	<hr/>
Total Disbursements	86,070	51,639	17,739	155,448
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	5,548	(11,059)	11,662	6,151
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	31,303	58,953	58,700	148,956
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$36,851	\$47,894	\$70,362	\$155,107
Reserves for Encumbrances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$5,325	\$0	\$0	\$0

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

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$100,218
Miscellaneous	1,600
	101,818
Operating Cash Disbursements:	
Personal Services	53,238
Fringe Benefits	26,049
Contractual Services	28,221
Supplies and Materials	19,144
Miscellaneous	37,734
Capital Outlay	271,688
	436,074
Operating Income/(Loss)	(334,256)
Non-Operating Cash Receipts:	
Fines, Licenses and Permits	12,750
Special Assessment	118,785
Intergovernmental Receipts	123,915
Proceeds from Loans	115,647
	371,097
Non-Operating Cash Disbursements:	
Debt Service	84,200
Net Receipts Over/(Under) Disbursements	(47,359)
Fund Cash Balances, January 1	179,989
Fund Cash Balances, December 31	\$132,630
Reserve for Encumbrances, December 31	\$0

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

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

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 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 governmental services, including water and sewer utilities, and park operations (leisure time activities). The Village contracts with the Logan County Sheriff for police 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 and Investments

Certificates of deposit are valued 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 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.

Street Lighting Fund - This fund receives property tax money for the expense of street lights.

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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 Funds:

Water Tower Fund - This fund receives property tax money to maintain the Village water tower.

Water Plant Fund - This fund receives property tax money to pay fees for the testing and monitoring of the Village water system.

Street Repair Fund -This fund receives property tax money to repair Village streets.

4. Enterprise Funds

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

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

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

Enterprise Debt Service Fund - This fund collects sewer fund special assessments to repay bond debt.

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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

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

A summary of 1999 and 1998 budgetary activity appears in Note 3.

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 AND INVESTMENTS

The Village maintains a cash and investments 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>1999</u>	<u>1998</u>
Demand deposits	\$ 273,944	\$ 242,737
Certificates of deposit	<u>39,815</u>	<u>45,000</u>
Total deposits	<u>\$313,759</u>	<u>\$287,737</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 125,573	\$ 94,926	\$ (30,647)
Special Revenue	25,490	41,911	16,421
Capital Projects	20,600	34,009	13,409
Enterprise	<u>441,207</u>	<u>253,390</u>	<u>(187,817)</u>
Total	<u>\$ 612,870</u>	<u>\$ 424,236</u>	<u>\$ (186,687)</u>

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 156,489	\$ 97,862	\$ 58,627
Special Revenue	75,275	21,725	53,550
Capital Projects	93,546	35,651	57,895
Enterprise	574,815	251,526	323,289
Total	\$ 900,125	\$ 406,764	\$ 493,361

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 67,924	\$ 91,618	\$ 23,694
Special Revenue	24,234	40,580	16,346
Capital Projects	27,200	29,401	2,201
Enterprise	383,707	472,915	89,208
Total	\$ 503,065	\$ 634,514	\$ 131,449

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 98,904	\$ 91,395	\$ 7,509
Special Revenue	83,353	51,639	31,714
Capital Projects	86,057	17,739	68,318
Enterprise	563,696	520,274	43,422
Total	\$ 832,010	\$ 681,047	\$ 150,963

The Village did not prior certify all expenditures as required by Ohio Rev. Code Section 5705.41(D).

The Village had expenditures greater than appropriations for several line items which violates the requirements of Ohio Rev. Code Section 5705.41(B).

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 payment, the first half is due December 31. The second half payment is due the following June 20.

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

4. PROPERTY TAX (Continued)

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.

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Sanitary Sewer System Mortgage Revenue Bonds(1997)	1,669,000	5.00%
Ohio Water Development Authority Loan(OWDA)	\$126,141	5.86%
Total	\$1,795,141	

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

Year ending December 31:	Sanitary Sewer System Mortgage Revenue Bonds
2000	98,950
2001	98,975
2002	98,960
2003	98,905
2004	98,910
Subsequent	3,265,210
Total	\$ 3,759,910

The \$1,529,000 Series 1997A and the \$140,000 1997B Sanitary Sewer System Revenue Mortgage Revenue Bonds were issued for the construction of a sewer system that was mandated by the Ohio Environmental Protection Agency. These bonds were purchased by the United States Department of Agriculture / Rural Development. The bonds will be retired with revenues derived from a sewer rate surcharge. The Village has agreed to set sewer rates sufficient to cover the debt service requirements. Interest is paid annually and all bonds will have matured by 2037.

The Ohio Water Development Authority (OWDA) loan 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. At December 31, 1999, \$9,454.63 had not been received. A payment schedule will be determined when the final loan amount is received. Interest is being paid based on the stated interest rates and the principal amount outstanding. The payments received are recorded as loan proceeds and the expenditures are classified as capital outlay in the

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. DEBT

accompanying Enterprise Fund financial statements. The loan is collateralized by a sewer rate surcharge. The Village has agreed to set sewer rates sufficient to cover debt service requirements.

An additional Ohio Water Development Authority loan was approved in 1999 in the amount of \$393,250 for water treatment consulting services. No proceeds of this loan had been received as of December 31, 1999.

6. RETIREMENT SYSTEMS

The Village's employees belong 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. The Village's Council Members contribute to the Social Security System.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. For 1999 and 1998, members of Social Security System contributed 6.2% of their gross salaries to Social Security and this amount was matched by the Village. The Village has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- General Liability
- Auto Liability & Auto Physical Damage
- Property Coverage
- Inland Marine Coverage
- Public Officials Liability



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

Village of West Mansfield
Logan County
259 East Center 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, 1999 and 1998, and have issued our report thereon dated September 25, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 1999-30246-001 through 1999-30246-011. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated September 25, 2000.

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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 1999-30246-012.

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.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, the reportable condition described above is considered to be a material weakness. We also 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 September 25, 2000.

This report is intended for the information and use of the 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, appearing to read "Jim Petro", with a large, stylized loop at the end.

Jim Petro
Auditor of State

September 25, 2000

VILLAGE OF WEST MANSFIELD
LOGAN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998

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

FINDING NUMBER 1999-30246-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

During the audit period, the Village had expenditures greater than appropriations at the legal level for the following: **1999**

- Enterprise Water Fund-Workers Compensation (\$2,113);
- Enterprise Sewer Fund-Salaries (\$1,592);
- Enterprise Sewer Fund-PERS (\$2,433);
- Enterprise Sewer Fund-Workers Compensation (\$1,221);
- Enterprise Sewer Fund-Telephone (\$1,680);
- Enterprise Sewer Fund-Repairs (\$1,068);

1998

- General Fund - General Government (\$15,483);
- Special Revenue - Street Construction, Maintenance and Repair - Transportation (\$9,036);
- Enterprise Water Fund - Personal Services (\$10,708);
- Enterprise Water Fund-Fringe Benefits (\$11,241);
- Enterprise Water Fund-Miscellaneous (\$5,701);
- Enterprise Sewer Fund-Fringe Benefits (\$8,072);
- Enterprise Sewer Fund-Contractual Services (\$15,699);
- Enterprise Sewer Fund-Supplies and Materials (\$876);
- Enterprise Sewer Fund-Capital Outlay(\$38,220)

In 1998, the records were reconstructed and budgetary comparisons were made at the financial statement level, function or program level for Governmental funds, and object level for Proprietary funds. In 1999, testing was performed at the legal level of control (object level) for all funds. Other insignificant errors were noted that are not included here.

To help assure compliance with this requirement and to prevent possible deficit spending, the Village should periodically monitor budget vs actual reports .

VILLAGE OF WEST MANSFIELD
LOGAN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)

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

FINDING NUMBER 1999-30246-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (D) states that no orders or contracts involving the expenditure of money are 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 encumbrance, 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 of less than \$100 for counties, or less than \$1,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Fifty three percent of the transactions tested were not certified by the Clerk prior to making orders for the expenditure of Village funds. In addition, neither of the two exceptions above were utilized for these transactions. Procedures should be implemented not only to assure compliance with this requirement, but to help prevent the unauthorized obligation of Village funds.

FINDING NUMBER 1999-30246-003

Noncompliance Citation

Ohio Rev. Code Section 117.38 requires a financial report for each fiscal year to be prepared and filed by the Village within sixty days after the close of the fiscal year. The Auditor of State's office has prescribed a form for Village financial reporting. Villages are also required to publish notification that the reports have been prepared and are available for public review.

In 1998, the Village did not prepare a financial report as prescribed by the Auditor of State's Office and therefore did not publish notification in a local newspaper. In 1999 the Village implemented the UAN system which automatically files the annual report for the Village.

The Village should prepare financial reports and publish notification that they are available for review annually.

VILLAGE OF WEST MANSFIELD
LOGAN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)

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

FINDING NUMBER 1999-30246-004

Noncompliance Citation

Ohio Admin. Code Section 117-5-3 prescribes the required funds to be used by a Village. Loan proceeds and the related debt for Enterprise Fund obligations should be presented in an Enterprise Debt Service Fund. In 1998, the Village recorded debt service activity related to sewer debt in an Enterprise Debt Service Fund; however, in 1999 this activity was recorded as a Governmental Debt Service Fund. In addition, new loan proceeds and the related interest payments were recorded in the Sewer Fund.

A financial statement adjustment was required to correctly classify the Enterprise Debt Service Fund. To provide better accountability over Enterprise Fund debt proceeds and payments, the Village should establish a separate Enterprise Debt Service Fund for each new enterprise debt issue.

FINDING NUMBER 1999-30246-005

Noncompliance Citation

Ohio Admin. Code Section 117-5-4 states that the Village shall employ the indicated source code (receipt codes) to identify where the moneys in an individual fund were derived.

The Village did not properly post homestead and rollback or personal property exemption receipts as intergovernmental revenue which required an adjustment to the financial statements. The financial statements in this report reflect these adjustments.

To help assure the accuracy of financial reports, to assist in the monitoring of budget vs. actual revenues, and to comply with this code section the Village should implement a process to properly record revenue.

FINDING NUMBER 1999-30246-006

Noncompliance Citation

Ohio Admin. Code Section 117-5-09(B) states that the warrant amount of each warrant issued in payment of an obligation shall be entered in the cash journal in the "Debit" column of the proper fund and in the "Credit" column under the heading "Cash".

In 1998, there were several expenditures that were recorded in a different fund in the "Debit" column of the cash journal than the fund code used in the "Credit" column. Since the cash journal was used to prepare the appropriations ledger, these variances caused fund balances to be different than those initially presented by the Village.

To help assure financial recording accuracy, the Village should implement a process for reviewing the consistency of fund postings in the cash journal.

VILLAGE OF WEST MANSFIELD
LOGAN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)

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

FINDING NUMBER 1999-30246-007

Noncompliance Citation

Ohio Admin. Code Section 117-5-10 (B) states that each village shall post to each receipts account the estimated amount of money to be received into the account as specified by the county budget commission in its official estimate of balances and receipts set forth in the certificate of estimated resources. This amount shall be entered in the "balance" column under the heading "memoranda". Estimated receipts were not posted to the receipts ledger.

Without posting estimated receipts in the receipts ledger, the village does not maintain sufficient information to monitor whether actual revenues are exceeding or not meeting estimated receipts.

To assist in the monitoring of budget vs. actual revenues and to comply with this code section the Village should record estimated receipts in the receipts ledger.

FINDING NUMBER 1999-30246-008

Noncompliance Citation

Ohio Admin. Code Section 117-5-10 (C) states that when moneys are received, the amount is first posted in the cash journal as prescribed in rule 117-5-09 of the Administrative Code and then posted to the proper account in the receipts ledger.

In 1998, some property tax receipts were posted in the cash journal at the gross amount and then posted to the receipts ledger at an amount net of County Auditor/Treasurer fees. In addition, some receipts were posted to the receipts ledger in a difference fund then the one used in the cash journal.

In 1998 the Village only presented ending fund balances, which were derived from the cash journal, as their financial statements. The 1998 financial statements later prepared for audit used the receipts ledger as a source document since it provided more detail. Due to the variances noted above the fund balances presented in 1998 did not agree with the 1998 financial statements prepared for audit.

To help assure accuracy in financial reporting and compliance with this code section the Village should develop procedures to assure that receipts are correctly posted in both the cash journal and the receipts ledger.

VILLAGE OF WEST MANSFIELD
LOGAN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)

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

FINDING NUMBER 1999-30246-009

Noncompliance Citation

Ohio Admin. Code Section 117-5-11 states that each village shall maintain an appropriations ledger, with individual sheets for each account established that will show the annual appropriation amount for that account, the amount actually expended per the cash journal, and remaining amount of appropriation after the expenditures. The information should show date, payee, warrant number, purchase order number, and purpose. The appropriate columns shall be totaled and reconciled monthly and yearly. The Village did not prepare an appropriations ledger for 1998 and therefore did not post expenditures, appropriations or encumbrances according to the requirements of the Ohio Administrative Code.

Failure to maintain an appropriations ledger in the prescribed manner reduces the Village's accountability over their financial activity. When maintained properly, an appropriations ledger can serve as an effective tool for comparisons between the amount of funds appropriated, encumbered, expended, and available for expenditure. Also, a well maintained appropriations ledger can reduce the time needed to prepare the annual financial report as reserves for encumbrances are identified and expenditures are already classified by source and total. Since the appropriations ledger is a source document for preparing the financial statement, failure to maintain an appropriations ledger resulted in additional audit cost to the Village.

To provide better accountability over financial activity and to assure compliance with this requirement the Village should maintain an appropriations ledger as required by this Code Section.

FINDING NUMBER 1999-30246-010

Noncompliance Citation

Ohio Admin. Code Section 117-5-11(C) states each expenditure or encumbrance charged against an appropriation account shall be posted and subtracted from the appropriated balance producing a declining unencumbered balance. This procedure should use as the source posting document, an executed purchase order.

In 1998, 10% of the expenditures tested did not use purchase orders.

The Village should implement procedures to ensure that purchase orders are properly executed for each obligation made and that each order contains the required information per the prescribed manner established by the Ohio Administrative Code.

VILLAGE OF WEST MANSFIELD
LOGAN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)

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

FINDING NUMBER 1999-30246-011

Noncompliance Citation

The Sanitary Sewer System Mortgage Revenue Bond (1997) agreement requires the Village to establish a "Reserve Fund" and to set aside and deposit \$825 per month in the reserve fund until there is an accumulated balance of \$99,000 after which no further deposits need be made except to replace withdrawals. The Village did not establish a Reserve Fund or set aside the monthly money as required by this agreement.

This situation could result in the Village not having the necessary reserves to pay debt obligations should there be a reduction in Sewer Fund revenues.

The Village should establish the required fund and begin making the required monthly deposits. The Reserve Fund should be classified as an Enterprise Fund Type.

FINDING NUMBER 1999-30246-012

Material Weakness / Reportable Condition

Accountability over Financial Records and Reporting

The Village financial records had the following deficiencies: 1) debt agreements were not on file; 2) invoices or other support for expenditures was not always on file; 3) invoices paid were not defaced or marked paid; 4) checks and vouchers were not always filed in numerical sequence; 5) some checks in the financial records were filed with the vouchers and were not marked void; 6) some voided checks were only marked void on the stub while the actual check was completed and signed, and not marked void; 7) the 1998 financial report was not prepared; 8) an appropriations ledger was not completed for 1998; 9) in 1998 some expenditures were recorded inconsistently between the "credit" and "debit" columns of the cash journal; 10) in 1998 receipts were inconsistently recorded between the cash journal and the receipts ledger; and 11) estimated receipts were not recorded in the receipts ledger.

These deficiencies affect the Village by not allowing them to: 1) monitor debt issues for compliance; 2) easily support the validity and accuracy of expenditures and prevent duplicate payments; 3) easily find voucher packets and checks; 4) reduce the risk that an unauthorized check may be cashed; 5) present annual financial statements to users; 6) efficiently and accurately support financial reports and activity through ledgers and journals; and 7) monitor financial activity to assure compliance with the Ohio Rev. Code and that Council's financial goals are met.

The Village should implement policies and/or procedures, and monitoring controls to help assure the elimination of these deficiencies in their financial records and reporting.

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 1999 AND 1998**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1997-30246-001	Ohio Rev. Code 5704.41 (D) There was no clerk certification for expenditures	No	Not corrected; Repeated in the audit report.
1997-30246-002	Ohio Rev. Code 149.351 All records were not available for audit review	No	Not corrected; reported in current audit report as an internal control material weakness for accountability for Village records.
1997-30246-003	Filing records	No	Not corrected; repeated as part of the material weakness for accountability for Village records.



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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
NOVEMBER 14, 2000