

Village of West Mansfield

Logan County, Ohio

Single Audit

For the Years Ended December 31, 2005 and 2004

Years Audited Under GAGAG: 2005 and 2004



**Balestra, Harr & Scherer, CPAs, Inc.**

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528 South West St, P.O. Box 687, Piketon, Ohio 45661 Phone: (740) 289-4131 Fax: (740) 289-3639





# Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of West Mansfield, Logan County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2004 through December 31, 2005. 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 Auditor's 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 Auditor's 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 Mansfield is responsible for compliance with these laws and regulations.

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

Mary Taylor, CPA  
Auditor of State

December 8, 2008

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**Village of West Mansfield**  
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*For the Years Ended December 31, 2005 and 2004*

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**BALESTRA, HARR & SCHERER, CPAs, INC.**

528 South West Street, P.O. Box 687  
Piketon, Ohio 45661

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Telephone (740) 289-4131

Fax (740) 289-3639

www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

**Independent Auditor's Report**

Village of West Mansfield  
127 North Main Street  
West Mansfield, OH 43358

To the Village Council:

We have audited the accompanying financial statements of the Village of West Mansfield, Logan County, (the Village) as of and for the years ended December 31, 2005 and 2004. 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.

Except as described in the fourth following paragraph, 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 discussed 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 regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the 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 new 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 are materially misstated under 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 third 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, 2005 and 2004, 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, 2005 and 2004, or its changes in financial position or cash flows, where applicable, for the years then ended.

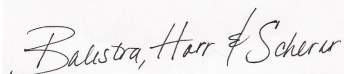
The accompanying financial statements present receipts and disbursements by fund and fund type only. Ohio Administrative Code Section 117-2-02(A) requires governments to classify receipt and disbursement transactions.

Also, in our opinion, except for the omission of receipt and disbursement classifications, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Village, as of December 31 2005 and 2004, and its unclassified cash receipts and unclassified disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. 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 November 21, 2008, 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.

We conducted our audit to opine on the Village's financial statements. The schedule of federal awards expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. We subjected the schedule of federal awards expenditures to the auditing procedures applied in the audit of the financial statements. In our opinion, this information is fairly stated in all material respects in relation to the financial statements taken as a whole.



Balestra, Harr & Scherer, CPAs, Inc.  
November 21, 2008

**Village of West Mansfield**  
*Combined Statement of Cash Receipts, Cash Disbursements and  
Changes in Fund Cash Balances*  
All Funds  
For the Year Ended December 31, 2005

	<u>Balance 1/1/2005</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance 12/31/2005</u>
<b>General</b>	\$6,411	\$128,689	\$91,783	\$43,317
<b>Special Revenue:</b>				
Street Construction, Maintenance and Repair	1,893	54,959	49,772	7,080
State Highway Improvement	7,291	2,818	16,765	(6,656)
Parks & Recreation	1,250	0	0	1,250
OSR Streetlights	48,021	14,684	5,077	57,628
OSR Police	47,874	11,812	7,533	52,153
Total Special Revenue	<u>106,329</u>	<u>84,273</u>	<u>79,147</u>	<u>111,455</u>
<b>Debt Service</b>	756	0	0	756
<b>Capital Projects:</b>				
Capital Fire/Tower	62,860	18,854	405	81,309
Capital Street Repair	33,531	1,203	0	34,734
Capital 97 Water Plant	62,915	22,412	486	84,841
Total Capital Projects	<u>159,306</u>	<u>42,469</u>	<u>891</u>	<u>200,884</u>
<b>Enterprise:</b>				
Water Operating	45,745	71,745	74,689	42,801
Sewer Operating	11,979	42,625	43,750	10,854
Water Plant Renovation	0	1,398,826	1,350,070	48,756
Debt Service - Bond Debt	96,343	81,332	98,970	78,705
Debt Service - OWDA Sewer Loan	13,972	10,045	12,201	11,816
Debt Service - OWDA Water Loan	31,232	296,946	290,534	37,644
Enterprise Reserve	46,296	9,318	0	55,614
Enterprise Reserve Water	120	0	0	120
Enterprise Deposit	7,789	3,200	1,775	9,214
Total Enterprise	<u>253,476</u>	<u>1,914,037</u>	<u>1,871,989</u>	<u>295,524</u>
Total All Funds	<u>\$526,278</u>	<u>\$2,169,468</u>	<u>\$2,043,810</u>	<u>\$651,936</u>

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



**Village of West Mansfield**  
*Combined Statement of Cash Receipts, Cash Disbursements and  
Changes in Fund Cash Balances*  
All Funds  
For the Year Ended December 31, 2004

	<u>Balance 1/1/2004</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance 12/31/2004</u>
<b>General</b>	\$16,528	\$86,676	\$96,793	\$6,411
<b>Special Revenue:</b>				
Street Construction, Maintenance and Repair	10,502	26,780	35,389	1,893
State Highway Improvement	12,144	2,101	6,954	7,291
Parks & Recreation	1,250	0	0	1,250
OSR Streetlights	41,967	17,115	11,061	48,021
OSR Police	41,795	10,664	4,585	47,874
Total Special Revenue	<u>107,658</u>	<u>56,660</u>	<u>57,989</u>	<u>106,329</u>
<b>Debt Service</b>	756	0	0	756
<b>Capital Projects:</b>				
Capital Fire/Tower	46,103	16,974	217	62,860
Capital Street Repair	22,605	11,169	243	33,531
Capital 97 Water Plant	42,998	20,178	261	62,915
Total Capital Projects	<u>111,706</u>	<u>48,321</u>	<u>721</u>	<u>159,306</u>
<b>Enterprise:</b>				
Water Operating	43,129	83,703	81,087	45,745
Sewer Operating	19,547	49,896	57,464	11,979
Debt Service - Bond Debt	103,235	92,018	98,910	96,343
Debt Service - OWD Sewer Loan	14,916	11,257	12,201	13,972
Debt Service - OWD Water Loan	24,008	14,533	7,309	31,232
Enterprise Reserve	37,221	9,075	0	46,296
Enterprise Reserve Water	120	0	0	120
Enterprise Deposit	4,314	5,075	1,600	7,789
Total Enterprise	<u>246,490</u>	<u>265,557</u>	<u>258,571</u>	<u>253,476</u>
Total All Funds	<u>\$483,138</u>	<u>\$457,214</u>	<u>\$414,074</u>	<u>\$526,278</u>

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

**Village of West Mansfield**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2005 and 2004*

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Description of the Entity

The Village of West Mansfield, Logan 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 general governmental services, street repair and maintenance, water and sewer utilities, and park operations. 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 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

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. 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 Funds - 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:
  - OSR Streetlights Fund* – This fund receives property tax money for the expense of street lights.
  - Street Construction, Maintenance, and Repair Fund* – This fund receives motor vehicle license tax and gasoline tax money to maintain Village streets.
  - OSR Police* – This fund receives levy money to pay the contract with the Logan County Sherriff’s department.
3. Debt Service Fund - This fund was used to account for debt service activity several years ago but has been inactive for a number of years.

**Village of West Mansfield**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2005 and 2004*

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Fund Accounting (Continued)

4. Capital Project Funds – These funds 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 Projects Funds:

*Capital Street Repair Fund* – This fund receives grant money from the State for the repair and maintenance of Village streets.

*Capital 97 Water Plant Fund* - This fund receives property tax money to pay for the maintenance and repair of the Village water system.

*Capital Fire/Tower Fund* – This fund receives property tax money to repair and maintain the Village’s fire tower.

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

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

*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

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 and object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

**Village of West Mansfield**  
*Notes to the Financial Statements*  
For the Years Ended December 31, 2005 and 2004

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**NOTE 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. The Village did not properly encumber funds.

A summary of 2005 and 2004 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.

**NOTE 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:

	2005	2004
Demand deposits	\$621,936	\$496,278
Certificate of deposit	30,000	30,000
Total deposits	\$651,936	\$526,278

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Village.

**NOTE 3 – BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

Fund Type	2005 Budgeted vs. Actual Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	\$115,723	\$128,689	\$12,966
Special Revenue	83,790	84,273	483
Capital Projects	46,200	42,469	(3,731)
Enterprise	265,107	1,914,037	1,648,930
Total	\$510,820	\$2,169,468	\$1,658,648

Fund Type	2005 Budgeted vs. Actual Budgetary Basis Expenditures		Variance
	Appropriation Authority	Budgetary Expenditures	
General	\$119,697	\$91,783	\$27,914
Special Revenue	184,423	79,147	105,276
Capital Projects	211,594	891	210,703
Enterprise	491,561	1,871,989	(1,380,428)
Total	\$1,007,275	\$2,043,810	(\$1,036,535)

**Village of West Mansfield**  
*Notes to the Financial Statements*  
For the Years Ended December 31, 2005 and 2004

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**NOTE 3 – BUDGETARY ACTIVITY (CONTINUED)**

Fund Type	2004 Budgeted vs. Actual Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	\$87,821	\$86,676	(\$1,145)
Special Revenue	73,813	56,660	(17,153)
Capital Projects	56,944	48,321	(8,623)
Enterprise	266,527	265,557	(970)
<b>Total</b>	<b>\$485,105</b>	<b>\$457,214</b>	<b>(\$27,891)</b>

Fund Type	2004 Budgeted vs. Actual Budgetary Basis Expenditures		Variance
	Appropriation Authority	Budgetary Expenditures	
General	\$104,032	\$96,793	\$7,239
Special Revenue	180,170	57,989	122,181
Capital Projects	170,072	721	169,351
Enterprise	503,754	258,571	245,183
<b>Total</b>	<b>\$958,028</b>	<b>\$414,074</b>	<b>\$543,954</b>

**NOTE 4 – PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

**NOTE 5 – DEBT**

Debt outstanding at December 31, 2005 was as follows:

	Principal	Interest Rate
OWDA Loan (1997 Sanitary Sewer)	\$108,900	5.86%
OWDA Loan (2005 Water Renovation)	852,690	2.00%
Sanitary Sewer System Mortgage Revenue Bonds	1,563,600	5.00%
<b>Total</b>	<b>\$2,525,190</b>	

The \$1,529,000 Series 1997A and the \$140,000 1997B Sanitary Sewer System Revenue Mortgage 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 user service charges. Interest is paid annually and all bonds will have matured by 2037. The Village is required to contribute \$825 per month to a reserve fund until the fund balance is \$99,000. At December 31, 2005, the balance in this fund was \$55,614.

**Village of West Mansfield**  
*Notes to the Financial Statements*  
For the Years Ended December 31, 2005 and 2004

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**NOTE 5 – DEBT (CONTINUED)**

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. At December 31, 2005, a total of \$141,548 has been received on this loan. A payment schedule has been determined by the loan amount received to date. Interest is based on the stated interest rate and principal amount outstanding. The loan will be retired with user service charges.

An additional Ohio Water Development Authority (OWDA) loan was approved in 1999 in the amount of \$393,250 for water treatment consulting services. During 2005 and 2004, the Village received additional proceeds of \$9,598 and \$7,309. During 2005, the Village repaid this debt issuance with proceeds from another OWDA loan as described below. The principal repayment amounted to \$280,936.

The 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. At December 31, 2005, a total of \$852,690 has been received on this loan. A payment schedule has been determined by the loan amount received to date. Interest is based on the stated interest rate and principal amount outstanding. The loan will be retired with user service charges.

During 2001, the Village received a loan from The Union Banking Company for the purchase of a new truck for the street department. This loan was payable in monthly installments and was repaid in full in 2005.

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

	Sanitary Sewer System Mortgage Revenue Bonds	OWDA Loan 1997 Sanitary Sewer
Year Ended December 31,		
2006	\$98,980	\$12,201
2007	98,940	12,201
2008	98,850	12,201
2009	99,010	12,201
2010	99,005	12,201
2011-2015	494,585	61,005
2016-2020	494,825	36,603
2021-2025	494,695	0
2026-2030	494,780	0
2031-2035	494,765	0
2036-2037	197,805	0
Total	\$3,166,240	\$158,613

The OWDA Loan 2005 Water Renovation had not yet been fully drawn as of December 31, 2005. Therefore, an amortization schedule is not yet available.

**NOTE 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 2005 and 2004, PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries through December 31, 2005. The Village has paid all contributions required through December 31, 2005.

**NOTE 7 – RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

There were no significant changes in commercial insurance from the prior year and the amount of claims did not exceed the amount of coverage in the prior three years.

**NOTE 8 – COMPLIANCE AND ACCOUNTABILITY**

The Village had negative fund balances which is contrary to the Ohio Revised Code.

The Village had expenditures in excess of appropriations which is contrary to the Ohio Revised Code.

The Village had improperly maintained accounting records which is contrary to the Ohio Revised Code.

The Village failed to prepare and submit Federal Tax Forms 941 which is contrary to the Internal Revenue Code.

The Village failed to file its annual financial reports and publish notice that such reports were available for public inspection which is contrary to the Ohio Revised Code.

The Village failed to deposit funds within one business day of receipt which is contrary to the Ohio Revised Code.

The Village failed to properly encumber funds which is contrary to the Ohio Revised Code.

The Village failed to amend its certificates of estimated resources and appropriations resulting in unfavorable deficiencies which is contrary to the Ohio Revised Code.

The Village had appropriations in excess of estimated resources which is contrary to the Ohio Revised Code.

The Village failed to obtain and review certified payroll of contractors for projects funded through federal funds which is contrary to the Code of Federal Regulations.

The Village failed to have an audit performed within nine months of fiscal year end for a year in which it spent in excess of \$500,000 in federal funds which is contrary to OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**Village of West Mansfield**  
*Schedule of Federal Awards Expenditures*  
*For the Year Ended December 31, 2005*

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b>U.S. Department of Housing and Urban Development</b>			
<i>Passed through Ohio Department of Development:</i>			
Community Development Block Grants/State's Program	CW-04-223-1	14.228	<u>\$500,000</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>500,000</u>
<b>U.S. Department of Homeland Security</b>			
<i>Passed through the Ohio Department of Public Safety - Emergency Management Agency:</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	N/A	97.036	<u>11,362</u>
<b>Total U.S. Department of Homeland Security</b>			<u>11,362</u>
<b>Total Federal Financial Assistance</b>			<u><u>\$511,362</u></u>

N/A - Pass through entity number not available.

See Notes to the Schedule of Federal Awards Expenditures.



**Village of West Mansfield**  
*Notes to the Schedule of Federal Awards Expenditures*  
*For the Year Ended December 31, 2005*

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**NOTE A – SIGNIFICANT ACCOUNTING POLICY**

The accompanying schedule of federal awards expenditures (the schedule) summarizes activity of the Village's federal awards programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B – MATCHING**

Certain federal programs require that the Village contribute non-federal funds (matching funds) to support the federally-funded programs. The Village has complied with the matching requirements. The expenditures of non-federal matching funds is not included in the schedule.

# BALESTRA, HARR & SCHERER CPAs, INC.

528 South West Street, P.O. Box 687  
Piketon, Ohio 45661

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Telephone (740) 289-4131  
Fax (740) 289-3639  
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

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

To the 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, 2005 and 2004, and have issued our report thereon dated November 21, 2008, 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. We qualified our report because the Village did not present receipts and disbursements in accordance with Ohio Administrative Code 117-2-01 (A), which requires the Village to classify receipts and disbursements transactions. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. 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 judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2005-01 and 2005-03.

A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when 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 material weaknesses. We consider reportable conditions 2005-01 and 2005-03 listed above to be material weaknesses. In a separate letter to the Village's management dated November 21, 2008, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

Village of West Mansfield

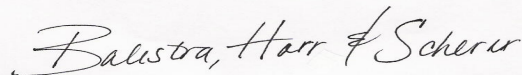
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance With *Government Auditing Standards*

Page 2

### **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 that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-02 and 2005-04 through 2005-11. In a separate letter to the Village's management dated November 21, 2008, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management, Village Council, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

November 21, 2008

# BALESTRA, HARR & SCHERER, CPAs, INC.

528 South West Street, P.O. Box 687  
Piketon, Ohio 45661

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Telephone (740) 289-4131  
Fax (740) 289-3639  
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

## **Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133**

Village of West Mansfield  
127 North Main Street  
West Mansfield, OH 43358

To the Village Council:

### **Compliance**

We have audited the compliance of the Village of West Mansfield (the Village) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that apply to its major federal program for the year ended December 31, 2005. The summary of auditor's results section of the accompanying schedule of findings identifies the Village's major federal program. The Village's management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

As described in item 2005-12 in the accompanying schedule of findings, the Village did not comply with requirements regarding the Davis-Bacon Act applying to its Community Development Block Grants (CFDA #14.228) major federal program. Compliance with those requirements is necessary, in our opinion, for the Village to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Village complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2005. The results of our auditing procedures also disclosed another instance of noncompliance with those requirements that OMB Circular A-133 requires us to report, which is described in the accompanying schedule of findings as item 2005-14.

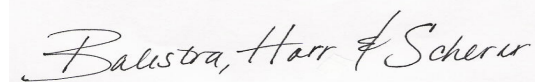
### **Internal Control Over Compliance**

The Village's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider 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 compliance that, in our judgment, could adversely affect the Village's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. A reportable condition is described in the accompanying schedule of findings as item 2005-13.

A material weakness is a reportable 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 noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over compliance 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 material weaknesses. We consider item 2005-13 to be a material weakness.

We intend this report solely for the information and use of management, Village Council, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.  
November 21, 2008

**Village of West Mansfield**  
*Schedule of Findings*  
*OMB Circular A -133 Section .505*  
*For the Years Ended December 31, 2005 and 2004*

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	Type of Financial Statement Opinion	Qualified
(d)(1)(ii)	Were there any material internal control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	Yes
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Qualified
(d)(1)(vi)	Are there any reportable findings under .510?	No
(d)(1)(vii)	Major Programs (list):	Community Development Block Grants/State's Program - CFDA #14.228
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A > \$300,000 Type B - other program
(d)(1)(ix)	Low Risk Auditee?	No

**Village of West Mansfield**  
*Schedule of Findings*  
*OMB Circular A -133 Section .505*  
*For the Years Ended December 31, 2005 and 2004*

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<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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***Finding 2005-01***

***Material Weakness – Controls over Accounting and Reporting***

The Village has experienced several accounting and reporting issues as evidenced by the number of report findings, including the delay in the completion of the 2005 and 2004 financial statements.

Financial information is vital to an organization’s management in its continual effort to effectively make decisions to guide the organization. It is also important for management to receive timely feedback on the reliability of financial information summarized in the financial statements, notes to the financial statements, and schedules used to make these management decisions.

There was an obvious lack of controls over the financial accounting process, which need to be addressed promptly.

Failure to implement controls over the financial accounting process has resulted in the Village’s records being inaccurate and incomplete. Furthermore, the Village has been delinquent in filing tax returns.

The Village should take the following steps in addressing these issues:

- Designate the Fiscal Officer and Council as having the primary responsibility of ensuring that all audit findings are properly addressed in a timely manner.
- Organize and hold monthly meetings to discuss and develop an action plan to address all audit findings, monitor progress on the action plan, and review specific action taken for each of the findings.
- Have the Fiscal Officer, in conjunction with the Council, develop a monthly, quarterly, and annual check sheet to document key actions performed which are an integral part of the financial accounting and reporting process. The check sheet(s) should include such items as monthly bank reconciliations, monthly financial reports, including a monthly review of budget and actual information and determination of whether budgetary documents require amendments, submission of various tax remittances for federal, state, and local governments, filing of appropriate forms for federal, state, and local governments, reconciliation of tax remittances with the appropriate tax forms, and any other key items. The check sheet should be prepared by the Fiscal Officer and approved by the Council.
- The Fiscal Officer should go over the check sheet at the monthly meetings, and it should be approved by the Council.

***Client Response:***

We plan on complying with the above, as soon as we get figures to work with.

***Finding Number 2005-02***

***Material Noncompliance – Negative Fund Balance***

Ohio Revised Code Section 5705.10 states that money that is paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund. A material instance of a negative fund balance was noted at the end of year in 2005 in the State Highway Improvement Fund (\$6,656). The Village should implement procedures to monitor fund balances on a regular basis and consider advancing monies from the General Fund to the funds which are anticipated to have a negative balance.

***Client Response:***

By complying with Ohio Revised Code 5705.10.

**Village of West Mansfield**  
*Schedule of Findings*  
*OMB Circular A -133 Section .505*  
*For the Years Ended December 31, 2005 and 2004*

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***Finding Number 2005-03***

***Material Weakness – Monitoring Control System***

Monitoring controls are comprised of regular management and supervisory activities established to oversee whether management's objectives are being achieved, covering operational, legal compliance, and financial control objectives. Effective monitoring controls should identify unexpected results or exceptions (including significant compliance exceptions, investigate underlying causes, and take corrective action).

Monitoring controls should assist management in detecting material misstatements in the financial statements or other information presented. Such controls may include, but are not limited to, the following reviews by the Council:

- Monthly review of budget and actual activity including required submission of budgetary reports.
- Monthly review of unusual or significant items on the bank-to-book reconciliation, such as long-term outstanding checks or deposits.
- Planning for adequate segregation of duties or compensating controls.
- Ensuring the accounting records are properly designed.

The Village has not implemented an effective monitoring control system which would assist management in detecting material misstatements in financial statements or other information.

Failure to properly monitor the Village's financial activities has resulted in the Village's records being inaccurate and incomplete. Monthly bank reconciliations were not timely performed or reviewed by Council during the audit period. Furthermore, the Village has been delinquent in filing tax returns to the appropriate agencies. Failure to develop and implement a monitoring control system could also result in misappropriation of the Village's assets.

The Village should develop and implement a monitoring control system to prevent material misstatements or misappropriation of assets from occurring.

***Client Response:***

This citation should be corrected with the implementation of the UAN system and the new fiscal officer.

***Finding Number 2005-04***

***Material Noncompliance – Expenditures in Excess of Appropriations***

Ohio Revised 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 instances where expenditures plus outstanding encumbrances were in excess of appropriations in several funds at year end in 2005. Expenditures in excess of appropriations could result in negative fund balances and overspending. The Village should implement procedures to ensure that annual appropriations are passed timely, appropriations and expenditures are monitored, and revisions are made as necessary.

***Client Response:***

The current management is taking action to properly appropriate all accounts to cover actual expenditures.



**Village of West Mansfield**  
*Schedule of Findings*  
*OMB Circular A -133 Section .505*  
*For the Years Ended December 31, 2005 and 2004*

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***Finding Number 2005-05***

***Material Noncompliance – Inaccurate and Improperly Maintained Accounting Records***

Ohio Revised Code Section 733.28 provides that the Village 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 Administrative Code Section 117-2-02(A) states that all public offices are required to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets and liabilities, document compliance with finance related legal and contractual requirements, and prepare financial statements required by rule 117-2-03 of the administrative code.

The Village Fiscal Officer did not maintain an accurate record of all monies received. The accounting records of the Village were incomplete and inaccurate.

Failure to provide accurate and complete financial information limits management's resources for decision making and can provide a false perception of the Village's financial position. Failure to accurately prepare and reconcile the accounting records reduces the accountability over Village funds, reduces the Council's ability to monitor financial activity, increases the likelihood that monies will be misappropriated and not detected, and increases the likelihood that the Village's financial statements will be misstated. Reconciliations are an effective tool to help management determine the completeness of recorded transactions, as well as to ensure that all recorded transactions have been deposited with its financial institution. Failure to timely and accurately remit payroll withholdings to the appropriate agencies can cause the Village to be liable for penalties and interest. Failure to properly amend budgetary documents can result in overspending funds and negative cash balances.

The Village should implement procedures to ensure that receipts and disbursements are accurately and completely stated, and to ensure that the accounting records of the Village are accurate and complete in order to report financial activity as required by the Ohio Administrative Code. The Village should also implement procedures to ensure that payroll withholdings withheld are timely and accurately remitted to the appropriate agencies.

***Client Response***

As of the first of 2008, I have posted all in coming monies.

***Finding Number 2005-06***

***Material Noncompliance – Payroll Taxes and Filings***

Federal income tax regulations require the Village to prepare the IRS Tax Form 941 on a quarterly basis. The Village was delinquent in filing IRS Tax Forms 941 and making required remittances for 2004 and 2005.

Failure to file the required forms with the appropriate taxing agencies resulted in non-compliance with federal income tax requirements, and has resulted in unnecessary interest and penalties for which the Village is liable.

The Village should develop and implement procedures to ensure that required remittances are made and that all required tax deposits are made and the appropriate tax forms are prepared accurately and completely, and are submitted in accordance with applicable requirements. The Village should contact all taxing authorities (federal, state and local), and obtain documentation to determine what forms have been submitted, those that remain unsubmitted, whether balances are still owed to these agencies, and to settle these liabilities to ensure accounts are up to date. The Village should also contact the Internal Revenue Service (IRS) taxpayer advocate services to determine whether the IRS can waive any penalties and interest incurred by the Village.

***Client Response:***

Since the first of 2008, all federal tax withholdings have been filed on time.

**Village of West Mansfield**  
*Schedule of Findings*  
*OMB Circular A -133 Section .505*  
*For the Years Ended December 31, 2005 and 2004*

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***Finding Number 2005-07***

***Material Noncompliance – Timely Filing of Financial Reports***

Ohio Revised Code Section 117.38 provides that cash-basis entities must file annual reports with the Auditor of State within 60 days of fiscal year end. The Auditor of State (AoS) may prescribe by rule or guidelines the forms for these reports. However, if the AoS has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. Any public office not filing the report by the required date shall pay a penalty of twenty-five dollars for each day the report remains unfiled, not to exceed seven hundred fifty dollars. The AoS may waive these penalties, upon the filing of the past due financial report.

The report shall contain the amount of: (A) receipts, and amounts due from each source; (B) expenditures for each purpose; (C) income of any public service industry that the entity owns or operates, as well as the costs of ownership or operation; and (D) public debt of each taxing district, the purpose of the debt, and how the debt will be repaid.

Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer.

The Village Fiscal Officer did not file the Village's 2004 and 2005 annual financial report with the Auditor of State within the time required to ensure compliance with the Ohio Revised Code. Furthermore, the Fiscal Officer did not publish notice in the local newspaper stating that the Village's annual financial report was available for public inspection.

Failure to file annual reports as required caused the audit to be delayed. Timely feedback on the reliability of financial information summarized in the financial statements, notes to the financial statements, and schedules is important because management uses the information provided in the financial report to effectively make decisions and to guide the organization.

The Village should implement procedures to ensure that its annual financial report is filed accurately and timely, and that notice is published in the local newspaper stating that the financial report is available for public inspection.

***Client Response:***

Will be corrected by fiscal officer.

***Finding Number 2005-08***

***Material Noncompliance – Timely Deposits***

Ohio Revised Code Section 9.38 provides that public money must be deposited with the treasurer of the public office *or* to a designated depository on the business day following the day of receipt. Public money collected for other public offices must be deposited by the first business day following the date of receipt.

The Section goes on to say that if the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it. If the public office is governed by a legislative authority (counties, municipalities, Villages, and school districts), only the legislative authority may adopt the policy. The policy must include provisions and procedures to safeguard the money during the intervening period. If the amount exceeds \$1,000 or a lesser amount cannot be safeguarded, the public official must then deposit the money on the first business day following the date of receipt.

The Village Fiscal Officer did not make timely deposits as required by Section 9.38 of the Ohio Revised Code during the audit period. Failure to deposit money as required by the Ohio Revised Code results in an increase in the likelihood that misappropriation of funds or theft may occur. The Village should ensure that public money is deposited as required by the Ohio Revised Code.

**Village of West Mansfield**  
*Schedule of Findings*  
*OMB Circular A -133 Section .505*  
*For the Years Ended December 31, 2005 and 2004*

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***Finding Number 2005-08 (Continued)***

***Material Noncompliance – Timely Deposits***

***Client Response:***

The monies will now be deposited accurately.

***Finding Number 2005-09***

***Material Noncompliance – Proper Encumbrance of Funds***

Ohio Revised Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. A fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3) respectively, of the Ohio Revised Code.

1. "Then and Now" certificate – if the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certificate ("now"), that 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 Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance 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 expenditure by the Village.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for one particular line item appropriation.
3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Village did not certify the availability of funds or properly utilize the encumbrance method of accounting by certifying funds on purchase orders.

The Village should certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language Section 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The fiscal officer should also post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**Village of West Mansfield**  
*Schedule of Findings*  
*OMB Circular A -133 Section .505*  
*For the Years Ended December 31, 2005 and 2004*

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***Finding Number 2005-09***

***Material Noncompliance – Proper Encumbrance of Funds***

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitation, the Fiscal Officer should certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

***Client Response:***

Purchase order procedures are currently in place to eliminate this error of prior fiscal officer management.

***Finding Number 2005-10***

***Material Noncompliance – Amended Certificates***

Ohio Revised Code Section 5705.36 requires obtaining a reduced amended certificate if the amount of the deficiency between estimated and available resources will reduce available resources below the current level of appropriation. Since the expenditure of Village funds is based on the estimated resources, instances when budgetary estimates do not meet budgetary estimates could lead to overspending. Upon comparison of appropriations to available resources (defined as unencumbered beginning balance plus actual receipts), instances were noted where appropriations were in excess of available resources. The Village should implement monitoring procedures to ensure compliance with Section 5705.36. Procedures for monitoring for compliance with this Section ensures that monies are not expended in excess of allowable limits (unencumbered balances and estimated resources).

Furthermore, Ohio Revised Code Section 5705.36 allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. Estimated receipts exceeding actual revenues could lead to overspending by the Village. In 2004 and 2005 estimated revenues exceeded actual receipts in several funds at years' end. The Village should monitor variances between estimated and actual revenues and amend certificates as necessary.

***Client Response:***

Current management has taken action to eliminate prior fiscal officer deficiencies in this area.

***Finding Number 2005-11***

***Material Noncompliance – Appropriations in Excess of Estimated Resources***

Ohio Revised Code Section 5705.39 states that total appropriations from each fund shall not exceed the total estimated resources. Instances were identified where appropriations exceeded estimated resources in 2004 and 2005. Failure to monitor and amend appropriations and estimated resources results in the risk that the Village will overspend. The Village should implement procedures to ensure that appropriations are within the limits of estimated resources and that amended appropriations are obtained when a deficiency exists.

***Client Response:***

The Village will monitor the procedures more closely so appropriations will not exceed estimated resources in order to comply with Ohio Revised Code.

**Village of West Mansfield**  
*Schedule of Findings*  
*OMB Circular A -133 Section .505*  
*For the Years Ended December 31, 2005 and 2004*

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**3. FINDINGS FOR FEDERAL AWARDS**

***Finding Number 2005-12***

***Noncompliance Citation – Davis-Bacon Act***

Non-federal entities shall include in their construction contracts subject to the Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and the DOL regulations (29 CFR part 5, “Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction”). This includes a requirement for the contractor or subcontractor to submit to the non-Federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payroll) (29 CFR sections 5.5 and 5.6). This reporting is often done using Optional Form WH-347, which includes the required statement of compliance (OMB No. 1215-0149).

The Village received Community Development Block Grants monies (CFDA #14.228) from the U.S. Department of Housing and Urban Development, which was passed through the Ohio Department of Development, to aid in funding the water plant renovation project. However, the Village could not locate evidence that the required weekly payroll certifications from the contractor were received or reviewed by the Fiscal Officer or other Village official for compliance with federal requirements. For contracts subject to the Davis-Bacon Act, the Village should obtain copies of certified weekly payroll and statements of compliance for each week that contract work is performed, review them for compliance, and maintain them for audit.

***Client Response:***

Measures have been taken to eliminate past inefficiencies. The Village is currently under contract with UAN software.

***Finding Number 2005-13***

***Material Weakness – Loss of Records***

Although the Village’s federal costs were determined to be allowable, the Village was not able to provide the auditors with support for testing. The auditor had to obtain support by other means. The Village’s records should be maintained in a manner in which they can be made available within a reasonable period of time. Failure to maintain records in a readily available fashion may result in lost information and is an inadequate audit trail. The Village should implement procedures to ensure that financial records are properly maintained and readily available for inspection.

***Client Response:***

If and when we have any contractual work done, this will be handled to your specifications.

***Finding Number 2005-14***

***Noncompliance Citation –Single Audit Within Nine Months of Year End***

OMB Circular A-133 Section .320 states that the audit shall be completed and the data collection form and reporting package shall be submitted within the earlier of 30 days after receipt of the auditor’s report, or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit. The Village failed to obtain a single audit report within nine months of year end for 2005. The Village should implement procedures to ensure that the single audit is performed in accordance with the required time frame.

***Client Response:***

If and when we expend \$500,000 in federal monies within fiscal year in the future, this will be handled to your specifications.

**Village of West Mansfield**  
*Schedule of Prior Audit Findings*  
*OMB Circular A-133 Section .315(b)*  
*For the Years Ended December 31, 2005 and 2004*

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2003-001	Material Noncompliance – Negative Fund Balances	No	Reissued as Finding 2005-02



**Mary Taylor, CPA**  
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  
DECEMBER 18, 2008**