

Village of West Mansfield

Logan County, Ohio

Regular Audit

For the Years Ended December 31, 2008 and 2009

Years Audited Under GAGAG: 2008 and 2009



Balestra, Harr & Scherer, CPAs, Inc.

528 South West St, P.O. Box 687, Piketon, Ohio 45661 Phone: (740) 289-4131 Fax: (740) 289-3639
800 Gallia St., Suite 38, Portsmouth, Ohio 45662 Phone: (740) 876-9121 Fax: 800-210-2573



Mary Taylor, CPA

Auditor of State

Village Council
Village of West Mansfield
127 N. 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, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent 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

September 30, 2010

This Page is Intentionally Left Blank.

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY**

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Independent Auditor's Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances All Governmental Fund Types - For the Year Ended December 31, 2009.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances All Proprietary Fund Types - For the Year Ended December 31, 2009.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances All Governmental Fund Types - For the Year Ended December 31, 2008.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances All Proprietary Fund Types - For the Year Ended December 31, 2008.....	6
Notes to the Financial Statements.....	7
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required By <i>Government Auditing Standards</i>	15
Schedule of Findings	17
Schedule of Prior Audit Findings	28



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, Ohio (the Village) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Village of West Mansfield, Logan County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion & Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Balestra, Harr & Scherer, CPAs, Inc.
June 11, 2010

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

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

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Local Taxes	\$ 58,132	\$ 7,043	\$ -	\$ 57,238	\$122,413
Intergovernmental	54,100	32,140	-	10,031	96,271
Charges for Services	3,200	-	-	-	3,200
Fines, Licenses and Permits	5,076	-	-	-	5,076
Earnings on Investments	1,736	-	-	-	1,736
Miscellaneous	5,489	-	-	-	5,489
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	127,733	39,183	-	67,269	234,185
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:					
Current:					
Security of Persons and Property	-	21,700	-	-	21,700
Public Health Services	4,004	-	-	-	4,004
Leisure Time Activities	5,932	-	-	-	5,932
Community Environment	3,164	-	-	-	3,164
Transportation	-	53,343	-	-	53,343
General Government	80,784	-	-	2,336	83,120
Capital Outlay	-	-	-	1,790	1,790
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	93,884	75,043	-	4,126	173,053
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	33,849	(35,860)	-	63,143	61,132
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	43,399	81,488	756	203,205	328,848
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$77,248</u>	<u>\$45,628</u>	<u>\$756</u>	<u>\$266,348</u>	<u>\$389,980</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	\$190	\$2,856	\$0	\$0	\$3,046
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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

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

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

	Proprietary Fund Types	Totals (Memorandum Only)
	Enterprise	
Operating Cash Receipts:		
Charges for Services	\$ 328,001	\$ 328,001
Miscellaneous	9,639	9,639
Total Operating Cash Receipts	<u>337,640</u>	<u>337,640</u>
Operating Cash Disbursements:		
Personal Services	68,824	68,824
Employee Fringe Benefits	12,753	12,753
Contractual Services	49,603	49,603
Supplies and Materials	58,552	58,552
Claims	2,155	2,155
Total Operating Cash Disbursements	<u>191,887</u>	<u>191,887</u>
Operating Income/(Loss)	<u>145,753</u>	<u>145,753</u>
Non-Operating Cash Receipts:		
Other Debt Proceeds	900	900
Total Non-Operating Cash Receipts	<u>900</u>	<u>900</u>
Non-Operating Cash Disbursements:		
Redemption of Principal	74,117	74,117
Interest and Other Fiscal Charges	110,346	110,346
Total Non-Operating Cash Disbursements	<u>184,463</u>	<u>184,463</u>
Net Receipts Over/(Under) Disbursements	(37,810)	(37,810)
Fund Cash Balances, January 1	<u>202,383</u>	<u>202,383</u>
Fund Cash Balances, December 31	<u><u>\$164,573</u></u>	<u><u>\$164,573</u></u>
Reserve for Encumbrances, December 31	<u>\$18,778</u>	<u>\$18,778</u>

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, 2008

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Local Taxes	\$ 43,899	\$ 24,886	\$ -	\$ 53,007	\$121,792
Intergovernmental	85,481	39,553	-	9,672	134,706
Charges for Services	1,751	-	-	-	1,751
Fines, Licenses and Permits	4,270	-	-	-	4,270
Earnings on Investments	3,162	51	-	-	3,213
Miscellaneous	8,941	50	-	-	8,991
	<u>147,504</u>	<u>64,540</u>	<u>-</u>	<u>62,679</u>	<u>274,723</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
Security of Persons and Property	-	23,507	-	-	23,507
Leisure Time Activities	4,773	-	-	-	4,773
Community Environment	1,494	-	-	-	1,494
Transportation	-	45,584	-	-	45,584
General Government	139,741	175	-	1,376	141,292
Capital Outlay	-	-	-	2,570	2,570
Debt Service:					
Interest and Fiscal Charges	543	-	-	-	-
	<u>146,551</u>	<u>69,266</u>	<u>-</u>	<u>3,946</u>	<u>219,220</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	953	(4,726)	-	58,733	54,960
Fund Cash Balances, January 1	42,446	86,214	756	144,472	273,888
Fund Cash Balances, December 31	<u><u>\$43,399</u></u>	<u><u>\$81,488</u></u>	<u><u>\$756</u></u>	<u><u>\$203,205</u></u>	<u><u>\$328,848</u></u>

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 PROPRIETARY TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Proprietary Fund Types	Totals (Memorandum Only)
	Enterprise	
Operating Cash Receipts:		
Charges for Services	\$ 431,708	\$ 431,708
Miscellaneous	6,908	6,908
Total Operating Cash Receipts	438,616	438,616
Operating Cash Disbursements:		
Personal Services	59,635	59,635
Employee Fringe Benefits	10,822	10,822
Contractual Services	70,477	70,477
Supplies and Materials	57,864	57,864
Claims	1,541	1,541
Total Operating Cash Disbursements	200,339	200,339
Operating Income/(Loss)	238,277	238,277
Non-Operating Cash Receipts:		
Other Debt Proceeds	7,912	7,912
Total Non-Operating Cash Receipts	7,912	7,912
Non-Operating Cash Disbursements:		
Capital Outlay	(7,462)	(7,462)
Redemption of Principal	(67,717)	(67,717)
Interest and Other Fiscal Charges	(108,586)	(108,586)
Total Non-Operating Cash Disbursements	(183,765)	(183,765)
Net Receipts Over/(Under) Disbursements	62,424	62,424
Fund Cash Balances, January 1	139,959	139,959
Fund Cash Balances, December 31	\$202,383	\$202,383

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, 2009 AND 2008**

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
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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 2009 and 2008 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:

	2009	2008
Demand Deposits	\$ 524,553	\$ 501,231
Certificate of Deposit	30,000	30,000
Total Deposits	\$ 554,553	\$ 531,231

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, 2009 and 2008 follows:

	2009 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 118,000	\$ 127,733	\$ 9,733
Special Revenue	61,300	39,183	(22,117)
Debt Service	-	-	-
Capital Projects	61,000	67,269	6,269
Enterprise	338,500	338,540	40
Total	\$ 578,800	\$ 572,725	\$ (6,075)

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 3 – BUDGETARY ACTIVITY (CONTINUED)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 101,110	\$ 94,074	\$ 7,036
Special Revenue	89,700	77,899	11,801
Debt Service	-	-	-
Capital Projects	4,983	4,126	857
Enterprise	458,800	395,128	63,672
Total	<u>\$ 654,593</u>	<u>\$ 571,227</u>	<u>\$ 83,366</u>

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$115,722	\$147,504	\$31,782
Special Revenue	68,500	64,540	(3,960)
Debt Service	0	0	0
Capital Projects	54,500	62,679	8,179
Enterprise	344,741	446,528	101,787
Total	<u>\$583,463</u>	<u>\$721,251</u>	<u>\$137,788</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 197,518	\$ 146,551	\$ 50,967
Special Revenue	219,323	69,266	150,057
Debt Service	-	-	-
Capital Projects	301,817	3,946	297,871
Enterprise	408,619	16,574	392,045
Total	<u>\$ 1,127,277</u>	<u>\$ 236,337</u>	<u>\$ 890,940</u>

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.

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 4 – PROPERTY TAX (CONTINUED)

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, 2009 was as follows:

	Principal	Interest Rate
OWDA Loan (1997 Sanitary Sewer)	\$ 83,495	5.86%
OWDA Loan (2005 Water Renovation)	1,475,475	2.00%
OPWC (Loan CT39G)	41,249	0.00%
Sanitary Sewer System Mortgage Revenue Bonds	1,474,100	5.00%
Total	\$ 3,074,319	

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, 2009, the balance in this fund was \$99,000.

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

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. The OWDA finalized the loan at a total amount of \$1,613,018 and released a payment schedule that has been determined by the final loan amount. The Village is required to make payments until January 1, 2036. The loan will be retired with user service charges.

The 2005 Ohio Public Works Commission (OPWC) loan for the water system relates to renovation of the water treatment plant. In 2005 the OPWC approved up to \$50,000 in loans to the Village for this project. The loan has since been finalized in the amount of \$49,999 and has released the payment schedule that has been determined by the total amount disbursed on behalf of the Village to contractors working on the project. The Village is required to make payments until January 1, 2026. The loan will be retired with user service charges.

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 5 – DEBT (CONTINUED)

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

Year Ended December 31,	Sanitary Sewer System Mortgage Revenue Bonds	OWDA Loans	OPWC Loan
2010	99,005	84,203	2,500
2011	98,940	84,113	2,500
2012	98,815	84,203	2,500
2013	99,030	84,203	2,500
2014	98,865	84,203	2,500
2015-2019	494,830	408,814	12,500
2020-2024	494,650	360,010	12,500
2025-2029	494,780	360,010	3,749
2030-2034	494,665	360,010	-
2035-2037	207,880	108,003	-
	2,681,460	2,017,772	41,249

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 2009 and 2008, PERS members contributed 10.0% of their wages, respectively. The Village contributed amounts equal to 14.00% of participants’ gross salaries through December 31, 2009 and December 31, 2008, respectively. The Village has paid all contributions required through December 31, 2009.

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.

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 8 – GOING CONCERN

The financial statements for the year ended December 31, 2009 reflect a going concern issue for the Village. The Village had negative fund balances in the Street Construction, Maintenance and Repair, State Highway Improvement, Water Operating, Sewer Operating and OWDA Water Loan Funds of \$35,343, \$38,626, \$157,717, \$24,953 and \$3,934, respectively, as of December 31, 2009.

It appears that the Village's ability to continue as a going concern may be jeopardized due to the above mentioned factors.

The Village Council shall oversee the accounting and reporting and general services in the following areas.

- Preparation of tax budgets, appropriations and amended certificates;
- Preparation of a financial recovery plan including analyzing revenue sources to see if they are adequate to support anticipated expenditures;
- Preparation of the Five-year forecast;
- Preparation of the year-end financial reports;
- Preparation of monthly reconciliations and maintaining of accounting ledgers;
- Preparation of cash basis financial reports for the years under audit;
- Monitor Village to ensure compliance with established procedures and spending levels.

NOTE 9 – FISCAL EMERGENCY

On August 13, 2009, the Village was declared to be in a state of "Fiscal Emergency" by the Auditor of State. Effective August 16, 2006, legislation permitted this declaration regarding declining Village financial conditions. In accordance with this law, within 120 days of the Auditor's declaration of a fiscal emergency, the Village Council has to prepare and submit to the Auditor of State a financial plan outlining the steps the Council will take to eliminate the Village's current operating deficit and avoid future deficits.

The Village Council approved its financial plan and guideline to exit fiscal emergency on November 30, 2009 and submitted to the Auditor of State per the Ohio Revised Code.

NOTE 10 – COMPLIANCE

- i. The Village had could not locate its minutes and some minutes were not properly or timely approved for the year ended December 31, 2008 in noncompliance with Ohio Revised Code 121.22(C)&(G).
- ii. Contrary to Ohio Revised Code 5705.10(H) the Village had negative fund balances for the years ended December 31, 2009 and 2008
- iii. Contrary to Ohio Revised Code 5705.36(A)(4) the Village had appropriations that exceeded actual resources for the years ended December 31, 2009 and 2008.
- iv. Contrary to Ohio Revised Code 5705.36 the Village did not certify the correct beginning fund balances for the year beginning December 1, 2008.
- v. Contrary to Ohio Revised Code 5705.36 the Village did not properly or timely amend its estimated resources for the years ended December 31, 2009 and 2008.
- vi. Contrary to Ohio Revised Code 5705.39 the Village had appropriations in excess of estimated resources for the years ended December 31, 2009 and 2008.

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 10 – COMPLIANCE (CONTINUED)

- vii. Contrary to Ohio Revised Code 5705.40 the Village did not properly or timely amend its appropriations for the years ended December 31, 2009 and 2008.
- viii. Contrary to Ohio Revised Code 5705.41(B) the Village had expenditures in excess of appropriations at year end December 31, 2008.

NOTE 11 – CONTINGENT LIABILITIES

The Village is a defendant in a lawsuit. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.



**Report on Internal Control over Financial Reporting and on Compliance and
Other Matters Required by *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, 2009 and 2008 and have issued our report thereon dated June 11, 2010, wherein we noted the Village prepared its financial statements using the accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted on the United States of America. 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 as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented or detected and timely corrected. We consider findings 2009-01, 2009-02, 2009-03 and 2009-04 to be material weaknesses.

Compliance and Other Matters

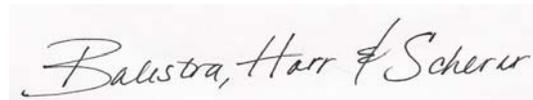
As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-03 through 2009-11.

Village of West Mansfield
Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Required By *Government Auditing Standards*
Page 2

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 11, 2010.

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

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

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.
June 11, 2010

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

**SCHEDULE OF FINDINGS
DECEMBER 21, 2009 AND 2008**

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

Finding Number	2009-01
----------------	---------

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 2008 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. The Village had instances of monies direct deposited to their account but not posted until months later and Purchase Orders were prepared but not signed off on.

Failure to implement controls over the financial accounting process has resulted in the Village’s records being inaccurate and incomplete.

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.
- Timely post receipts to UAN System and maintain documentation for support of receipt.
- 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. This matter has been corrected in fiscal year 2009 by hiring a new fiscal officer.

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

**SCHEDULE OF FINDINGS
DECEMBER 21, 2009 AND 2008**

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

Finding Number	2009-02
----------------	---------

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 bank-to-book reconciliations and review for unusual or significant items such as long-term outstanding checks or deposits.
- Planning for adequate segregation of duties or compensating controls.
- Ensuring the accounting records is 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. In addition, the Village has a lack of segregation of duties in that the Utility Clerk performs all functions of the utility department excluding reading the meters with no oversight. Utility Clerk also has separate bank account for depositing of daily receipts and reconciles own bank account with no review of reconciliations.

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 a lack of segregation of duties. 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. The Village should also establish monitoring controls to segregate duties amongst staff to prevent misappropriations of the Villages assets.

Client Response: The Village will review its internal control matters and has hired a new Fiscal Officer in 2009.

VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO

SCHEDULE OF FINDINGS
DECEMBER 21, 2009 AND 2008

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

Finding Number	2009-03 (Continued)
----------------	---------------------

Material Weakness/Significant Deficiency & Noncompliance – Minutes not available for review, not timely approved and Executive Sessions not properly documented

Ohio Rev. Code §121.22(C)(G) - Meeting of public bodies to be open, exceptions, and notice states that all meetings of any public body (including community schools) are to be open to the public at all times. A member of a public body must be present in person at a meeting open to the public to be considered present or to vote and for determining whether a quorum is present. The minutes of a regular or special meeting of any such public body shall be promptly recorded and open to public inspection. The minutes need only reflect the general subject matter of discussions in executive sessions.

The Village could not locate the Minutes for the months of January through August 2008, thus they were not available for review. The Village also had not signed the Minutes for the months of September through November 2008. In addition, the Village Council and Board of Public Affairs entered into Executive Session with documenting reason for entering.

By not having the minutes properly documented, approved and maintained the Village has no record of official business conducted. Any action taken during those periods and in future periods could be considered invalid if related to any Ordinances and Resolutions approved during that time frame. Not approving the Minutes in a timely manner could also make any action taken invalid. The Village Council and Board of Public Affairs should also document the purpose for entering into Executive Session and time entered and exited Executive Session.

We recommend the Village ensure that all Minutes are properly recorded and approved in a timely manner. In addition we recommend the Village implement internal controls to mitigate the risk of future noncompliance with the Ohio Revised Code related to this matter.

Client Response: The prior Village Fiscal Officer has passed away and the Village was not able to locate most of 2008 documentation. The Village hired a new fiscal officer during 2009 and has corrected this matter.

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

**SCHEDULE OF FINDINGS
DECEMBER 21, 2009 AND 2008**

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

Finding Number	2009-04
----------------	---------

Material Weakness & 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. The Auditor of State, Ohio had to perform proof of cash procedures and post all transactions into the Uniform Accounting Network (UAN), not previously recorded. In addition, the Village was not able to locate its 2008 Annual Appropriation measure nor did the County have a copy filed from the Village.

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: The prior Fiscal Officer passed away and her replacement had no previous experience or knowledge of accounting procedures for a Village. In 2009 the Village hired a new Fiscal Officer and these issues have been corrected.

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

**SCHEDULE OF FINDINGS
DECEMBER 21, 2009 AND 2008**

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

Finding Number	2009-05
----------------	---------

Ohio Revised Code Section 5705.10(H) states that money 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.

The Village had negative fund balances during the year and at year end for the following months for 2008 and 2009, respectively for the following funds:

<u>Fiscal Year 2009</u>		<u>Fiscal Year 2008</u>	
<u>Month</u>	<u>Fund Balance</u>	<u>Month</u>	<u>Fund Balance</u>
<u>February</u>		<u>February</u>	
<u>Special Revenue Funds</u>		<u>Special Revenue Funds</u>	
Street Construction	\$ (26,354)	Street Construction	\$ (19,439)
State Highway	(27,850)	State Highway	(20,453)
<u>Capital Project Fund</u>		<u>Capital Project Fund</u>	
Capital Street Repair	(1,949)	Capital Street Repair	(42,050)
<u>Enterprise Funds</u>		<u>Enterprise Funds</u>	
Water Operating	(106,406)	Water Operating	(46,723)
Sewer Operating	(30,809)	Sewer Operating	(10,441)
Bond Debt	(6,373)	Bond Debt	(1,695)
 <u>October</u>		 <u>October</u>	
<u>Special Revenue Funds</u>		<u>Special Revenue Funds</u>	
Street Construction	\$ (29,476)	Street Construction	\$ (26,588)
State Highway	(36,393)	State Highway	(23,012)
<u>Enterprise Funds</u>		<u>Capital Project Fund</u>	
Water Operating	(149,674)	Capital Street Repair	(11,889)
Sewer Operating	(26,659)	<u>Enterprise Funds</u>	
OWDA Water Loan	(5,211)	Water Operating	(80,966)
		Sewer Operating	(31,694)
 <u>December</u>		 <u>December</u>	
<u>Special Revenue Funds</u>		<u>Special Revenue Funds</u>	
Street Construction	\$ (35,343)	Street Construction	\$ (26,693)
State Highway	(38,626)	State Highway	(24,839)
<u>Enterprise Funds</u>		<u>Capital Project Fund</u>	
Water Operating	(157,717)	Capital Street Repair	(14,459)
Sewer Operating	(24,953)	<u>Enterprise Funds</u>	
OWDA Water Loan	(3,934)	Water Operating	(101,821)
		Sewer Operating	(29,047)

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

**SCHEDULE OF FINDINGS
DECEMBER 21, 2009 AND 2008**

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

Finding Number	2009-05 (Continued)
----------------	---------------------

Having negative fund balances caused other funds to cover the costs of all the funds with a negative balance.

We recommend the Village comply with the Ohio Revised Code by more closely monitoring the Village's budget. If it is determined that the expending monies from a fund will cause it to be negative, the Village should either transfer or advance monies to those funds and or expend from another fund if allowable. In addition we recommend the Village implement controls over budgeting in order to mitigate the risk of future noncompliance with the Ohio Revised Code.

Client Response: The Village will more closely monitor its budget and make changes as needed.

Finding Number	2009-06
----------------	---------

Ohio Rev. Code Section 5705.36(A)(4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

The Villages appropriations exceeded actual resources, which consists of actual revenues plus beginning fund balances less prior year encumbrances plus current year appropriations in the following funds:

December 31, 2009

<u>Special Revenue Funds</u>	<u>Actual Resources</u>	<u>Appropriations</u>	<u>Excess</u>
Street Maintenance	\$ 1,827	\$ 41,800	\$ 39,973
State Highway	(22,453)	19,600	42,053
<u>Enterprise Funds</u>			-
Water Operating	(23,308)	171,450	194,758
Sewer Operating	30,370	81,350	50,980
OWDA Water Loan	(53,374)	73,000	126,374

December 31, 2008

	<u>Actual Resources</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund	\$ 189,949	\$ 197,518	\$ 7,569
<u>Special Revenue Funds</u>			
Street Maintenance	11,321	32,487	21,166
State Highway	(17,269)	18,789	36,058
Police Levy	63,504	79,298	15,794
<u>Capital Project Funds</u>			
Capital Fire/Tower	77,882	134,185	56,303
Capital Street Levy	(11,235)	10,700	21,935
Capital 97 Water Plant	140,503	156,933	16,430
<u>Enterprise Funds</u>			
Water Operating	32,231	219,584	187,353
OWDA Sewer Loan	23,586	42,196	18,610

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

**SCHEDULE OF FINDINGS
DECEMBER 21, 2009 AND 2008**

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

Finding Number	2009-06 (Continued)
----------------	---------------------

By appropriating more funds than actual resources, the Village is at risk of spending more than is available, this may cause negative fund balances.

We recommend that the Village more closely monitor its appropriations compared to actual resources and prepare a reduced amended certificate when necessary. In addition the Village should implement internal controls to mitigate the risk of future noncompliance with Ohio Revised Code and Auditor of State Bulletin 97-010.

Client Response: The Village will attempt to more closely monitor its budget in relation to comparing its actual resources to appropriations.

Finding Number	2009-07
----------------	---------

Ohio Revised Code Section 5705.36, Certification of available revenue, states that on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units are to certify to the county auditor the total amount from all sources available for expenditures from each fund in the tax budget along with any unencumbered balances existing at the end of the preceding year.

The Village did not certify the correct unencumbered funds balances beginning January 1, 2009 and 2008.

By not certifying the correct unencumbered fund balances the Village does not have accurate Estimated Resources which could cause the Village to appropriate expenditures in excess of its expected resources.

We recommend the Village certify the correct unencumbered fund balances. This will allow the County Auditor to more accurately perform its certification of funds. In addition, the Village should implement internal controls to mitigate the risk of future noncompliance with the Ohio Revised Code.

Client Response: The Village will more closely monitor its certification of fund balances in order for the County to properly conduct its certification of funds.

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

**SCHEDULE OF FINDINGS
DECEMBER 21, 2009 AND 2008**

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

Finding Number	2009-08
----------------	---------

Ohio Revised Code Section 5705.36 - Amended Certificates, in part states that the total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources or the amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriation.

The Village did not receive any “does not exceed” certificates from the County Auditor due to not filing an appropriation measure during fiscal year 2008 and received “does exceed” certificates during fiscal year 2009. In addition, the Village had appropriations in excess of estimated resources during and at fiscal year-end 2009 and 2008.

By not certifying appropriations and or not timely amending its certificate of estimated resources or appropriation measures could cause the Village to appropriate more than it has available in resources. In addition, with having expenditures in excess of estimated resources the Village is appropriating funds that are not in the treasury or in the process of collection that have been certified to the County Auditor and could cause deficit fund balances.

We recommend the Village approve and submit to the County Auditor its annual appropriation measure and more closely monitor its budget. If it is determined that estimated resources will be greater than anticipated the Village should amend its certificate of estimated resources in order to provide for increased appropriations, however, appropriations should not exceed estimated resources. In addition, the Village should implement internal controls to mitigate the risk of future noncompliance with Ohio Revised Code.

Client Response: The Village will attempt to more closely monitor its budget in relation to appropriations and estimated resources and certify to the County Auditor all changes made to appropriations and the certificate of estimated resources.

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

**SCHEDULE OF FINDINGS
DECEMBER 21, 2009 AND 2008**

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

Finding Number	2009-09
----------------	---------

Ohio Revised Code Section 5705.39 - Appropriations limited by estimated resources states in part that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

The Village had appropriations exceeding estimated resources at year end in the following funds:

December 31, 2009

	Estimated Resources	Appropriations	Excess
Special Revenue Funds			
Street Maintenance	\$ 3,307	\$ 41,800	\$ 38,493
State Highway	(22,439)	19,600	42,039
Enterprise Funds			-
Water Operating	(17,821)	78,513	96,334
Sewer Operating	19,954	81,350	61,396
OWDA Water Loan	67,921	73,000	5,079

December 31, 2008

	Estimated Resources	Appropriations	Excess
General Fund	\$ 158,169	\$ 197,518	\$ 39,349
Special Revenue Funds			
Street Maintenance	(216)	32,487	32,703
State Highway	(7,399)	18,789	26,188
Police Levy	70,566	79,298	8,732
Capital Project Funds			
Capital Fire/Tower	78,390	134,185	55,795
Capital Street Levy	(31,350)	10,700	42,050
Capital 97 Water Plant	151,932	156,933	5,001
Enterprise Funds			
Water Operating	213,610	219,584	5,974
Sewer Operating	70,475	72,485	2,010
Water Plant Renovation	50,099	72,756	22,657
Bond Debt	65,428	110,804	45,376
OWDA Sewer Loan	21,766	42,196	20,430

With appropriations exceeding estimated resources the Village is appropriating monies that are not in the treasury or in the process of collection that have been certified with the County Auditor. Thus, appropriating more than the expected resources could lead to excess spending and cause possible deficit fund balances.

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

**SCHEDULE OF FINDINGS
DECEMBER 21, 2009 AND 2008**

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

Finding Number	2009-09 (Continued)
----------------	---------------------

We recommend the Village more closely monitor its budget in relation to appropriations compared to estimated resources and amend the budget as needed. In addition, we recommend the Village adopt internal controls to mitigate the risk of future noncompliance with the Ohio Revised Code.

Client Response: The Village will attempt to more closely monitor its budget in relation to appropriations and estimated resources and certify to the County Auditor all changes made to appropriations and the certificate of estimated resources.

Finding Number	2009-10
----------------	---------

Ohio Revised Code Section 5705.40 - Amending or supplementing appropriations, contingencies states in part that any appropriation measure may be amended or supplemented if the entity complies with the same laws used in making the original appropriation. However, no appropriation may be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations against them.

The Village had total expenditures exceeding total appropriations at year end December 31, 2008.

By not timely and properly modifying appropriations the Village is not accurately monitoring its budget in relation to comparing its expenditures to its appropriations. This could cause the Village to overspend and cause deficit fund balances.

We recommend the Village more timely review, maintain and amend its appropriations and only expend monies within the limitations established by Council. We also recommend the Village review the Ohio Revised Code and Auditor of State Bulletin 97-010 in relation to amending appropriations. In addition, we recommend the Village adopt internal controls to mitigate the risk of future noncompliance with Ohio Revised Code and Auditor of State Bulletins.

Client Response: The Village will attempt to more closely monitor its budget in relation to expenditures and appropriations and more closely monitor its monthly budget.

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

**SCHEDULE OF FINDINGS
DECEMBER 21, 2009 AND 2008**

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

Finding Number	2009-11
----------------	---------

Ohio Revised Code Section 5705.41(B) - Restrictions on appropriating and expending money states that no subdivision or taxing unit is to expend money unless it has been appropriated.

The Village had total expenditures exceeding total appropriations at year end December 31, 2008 in the following funds:

<u>Fund Type/Fund/Line Item</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<u>Speical Revenue Funds</u>			
Street Maintenance			
Personal Services	\$ 17,810	\$ 24,325	\$ 6,515
<u>Capital Projects Funds</u>			
Capital Street Maintenance			
Contractual Services	200	654	454

Having expenditures in excess of appropriations the Village is unlawfully spending monies that have not been previously appropriated by Council. Expending in excess of appropriations could cause overspending and deficit fund balances.

We recommend the Village more closely monitor its budget in relation to expenditures compared to appropriations. We also recommend the Village review the Ohio Revised Code and Auditor of State Bulletin 97-010 in order to lawfully make expenditures. In addition, we recommend that the Village adopt internal controls to mitigate the risk of future noncompliance with the Ohio Revised Code and Auditor of State Bulletins.

Client Response: The Village will attempt to more closely monitor its budget in relation to expenditures and appropriations and more closely monitor its monthly budget.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2007-01	Material Weakness – Controls Over Accounting and Report	No	Reissued as Finding 2009-01
2007-02	Material Noncompliance – Negative Fund Balances	No	Reissued as Finding 2009-05
2007-03	Material Weakness – Monitoring Control System	No	Reissued as Finding 2009-02
2007-04	Material Noncompliance – Expenditures in Excess of Appropriations	No	Reissued as Finding 2009-11
2007-05	Material Noncompliance – Inaccurate and Improperly Maintained Accounting Records	No	Reissued as Finding 2009-04
2007-06	Material Noncompliance – Payroll Taxes and Filings	Yes	N/A
2007-07	Material Noncompliance – Timely Filing of Financial Reports	No	Finding No Longer Valid – Not applicable in compliance
2007-08	Material Noncompliance – Timely Deposits	No	Reissued as Finding 2009-01
2007-09	Material Noncompliance – Proper Encumbrance of Funds	Yes	N/A
2007-10	Material Noncompliance – Amended Certificates	No	Reissued as Finding 2009-06
2007-11	Material Noncompliance – Appropriations in Excess of Estimated Resources	No	Reissued as Finding 2009-09

This Page is Intentionally Left Blank.



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
OCTOBER 14, 2010