

**VILLAGE OF MANCHESTER
ADAMS COUNTY, OHIO**
BASIC FINANCIAL STATEMENTS
(AUDITED)

*FOR THE YEARS ENDED
DECEMBER 31, 2014 and 2013*

MELINDA HORSLEY, FISCAL OFFICER



Dave Yost • Auditor of State

Village Council
Village of Manchester
400 Pike Street
Manchester, Ohio 45144

We have reviewed the *Independent Auditor's Report* of the Village of Manchester, Adams County, prepared by Julian & Grube, Inc., for the audit period January 1, 2013 through December 31, 2014. 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.

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 Manchester is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

February 11, 2016

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ADAMS COUNTY, OHIO**

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ADAMS COUNTY, OHIO**

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Julian & Grube, Inc.

Serving Ohio Local Governments

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Independent Auditor's Report

Village of Manchester
Adams County
400 Pike Street
Manchester, Ohio 45144

To the Members of Village Council and Mayor:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Manchester, Adams County, Ohio, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Village of Manchester's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village of Manchester's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village of Manchester's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Manchester, Adams County, Ohio, as of December 31, 2014 and 2013, and the respective changes in cash financial position and the respective budgetary comparisons for the General fund, EMS Fund, Fire Levy Fund, Police Levy Fund and State Highway Fund (2014 only) thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 18 to the financial statements, during 2013, the Village of Manchester has elected to change its financial presentation to a cash basis comparable to the requirements of *Governmental Accounting Standards*. We did not modify our opinion regarding this matter.

As disclosed in Note 17, on September 29, 1997, the Auditor of State declared the Village of Manchester to be in a state of fiscal emergency, in accordance with Section 118.03 of the Ohio Revised Code. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We applied no procedures to the Management's Discussion and Analysis presented on pages 3 - 11 for the year ended December 31, 2014 and 47 - 53 for the year ended December 31, 2013, of the reports, and accordingly, we express no opinion or any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2015, on our consideration of the Village of Manchester'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Manchester's internal control over financial reporting and compliance.



Julian & Grube, Inc.
July 29, 2015

Village of Manchester, Adams County
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

This discussion and analysis of the Village of Manchester's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2014, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2014 are as follows:

The Village's total net position decreased \$69,115. Net position of Governmental Activities decreased by \$25,209. Net position of Business-Type Activities decreased by \$43,906.

General revenues of Governmental Activities accounted for \$365,552 or 46.11 percent of all governmental revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$427,179 or 53.89 percent of total governmental revenues of \$792,731.

Enterprise funds reflected a total operating income of \$110,224. The Water, Sewer, and Storm Water Infrastructure Funds all reflected an operating income of \$36,455, \$57,480, and 16,289, respectively.

The Village had \$817,940 in expenses related to Governmental Activities. \$427,179 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$365,552 were not adequate to provide for these programs. The Village had \$771,461 in expenses related to Business-Type Activities, which were offset by \$640,654 in program specific charges for services, capital grants and contributions, along with proceeds of loans which were not sufficient to cover expenses.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

Report Components

The statement of net position and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Village of Manchester, Adams County
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Village as a Whole

One of the most important questions to be asked about the Village is "How did we do financially during 2014?"

The statement of net position and the statement of activities reflect how the Village did financially during 2014, within the limitations of the cash basis of accounting. The statement of net position presents the cash balances and investments of the governmental and business-type activities of the Village at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well, such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations, and the need for continued growth in the major local revenue sources such as property and income taxes.

Village of Manchester, Adams County
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

In the statement of net position and the statement of activities, we divide the Village into two types of activities:

Governmental Activities - Most of the Village's basic services are reported here, including street maintenance, police and fire services. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type Activities - These services include water, sewer, and storm water infrastructure. Service fees for these operations are charged based upon the amount of usage. The intent is that the fees charged recoup operational costs.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and proprietary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund and the EMS, Fire Levy, Police Levy, and State Highway Special Revenue Funds.

Proprietary Funds - When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has three enterprise funds: Water, Sewer, and Storm Water Infrastructure.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs. The Village's has one agency fund which is used to account for money for other governments, individuals and organizations from the distribution of mayor's court fines.

Village of Manchester, Adams County
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

The Village as a Whole

Table 1 provides a summary of the Village's Net Position for 2014 compared to 2013 on a cash basis:

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets						
Cash and Cash Equivalents	\$145,600	\$170,809	\$158,510	\$202,416	\$304,110	\$373,225
Net Position						
Restricted for:						
Debt Service	4,050	26,174	0	0	4,050	26,174
Other Purposes	132,281	144,680	0	0	132,281	144,680
Unrestricted (Deficit)	9,269	(45)	158,510	202,416	167,779	202,371
Total Net Position	<u>\$145,600</u>	<u>\$170,809</u>	<u>\$158,510</u>	<u>\$202,416</u>	<u>\$304,110</u>	<u>\$373,225</u>

As mentioned previously, net position of governmental activities decreased \$25,209 during 2014. Net position of business-type activities decreased \$43,906. These decreases are the result of disbursements exceeding receipts.

Table 2 reflects the changes in Net Position for 2014 and 2013.

Village of Manchester, Adams County
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

(Table 2)
Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$231,809	\$204,679	\$619,919	\$850,248	\$851,728	1,054,927
Operating Grants and Contributions	195,370	260,166	0	0	195,370	260,166
Capital Grants and Contributions	0	0	20,735	34,816	20,735	34,816
Total Program Receipts	427,179	464,845	640,654	885,064	1,067,833	1,349,909
General Receipts:						
Property Taxes	103,966	123,175	0	0	103,966	123,175
Income Taxes	174,795	153,356	0	0	174,795	153,356
Other Local Taxes	55	11,695	0	0	55	11,695
Grants and Entitlements Not Restricted to Specific Programs	66,448	34,635	0	0	66,448	34,635
Interest	353	860	0	0	353	860
Miscellaneous	19,935	14,109	1,273	0	21,208	14,109
Debt Proceeds	0	0	85,628	200,524	85,628	200,524
Total General Receipts	365,552	337,830	86,901	200,524	452,453	538,354
Total Receipts	792,731	802,675	727,555	1,085,588	1,520,286	1,888,263
Disbursements:						
Security of Persons and Property	516,968	496,918	0	0	516,968	496,918
Public Health Services	3,000	1,808	0	0	3,000	1,808
Leisure Time Activities	8,669	1,638	0	0	8,669	1,638
Community Environment	306	0	0	0	306	0
Transportation	73,772	86,728	0	0	73,772	86,728
General Government	139,692	113,687	0	0	139,692	113,687
Capital Outlay	16,627	35,159	0	0	16,627	35,159
Debt Service:						
Principal Retirement	54,185	55,065	0	0	54,185	55,065
Interest and Fiscal Charges	4,721	6,735	0	0	4,721	6,735
Water	0	0	376,560	505,972	376,560	505,972
Sewer	0	0	335,112	525,501	335,112	525,501
Storm Water Infrastructure	0	0	59,789	57,998	59,789	59,789
Total Disbursements	817,940	797,738	771,461	1,089,471	1,589,401	1,889,000
Change in Net Position	(25,209)	4,937	(43,906)	(3,883)	(69,115)	1,054
Net Position Beginning of Year	170,809	165,872	202,416	206,299	373,225	372,171
Net Position End of Year	<u>\$145,600</u>	<u>\$170,809</u>	<u>\$158,510</u>	<u>\$202,416</u>	<u>\$304,110</u>	<u>373,225</u>

Village of Manchester, Adams County
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

For the Governmental Activities, program receipts represent 53.89 percent of total receipts of which 54.27 percent is charges for services, while the remaining 45.73 percent is for operating and capital grants and contributions.

General receipts in the Governmental Activities represent 46.11 percent of the Village's total receipts, of which, 76.27 percent are property tax, income tax and other local taxes. Other receipts are very insignificant and are somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for other Village activities. These activities include costs of the Mayor's office, clerk, and the council's salaries, as well as internal services such as payroll and purchasing. General government represents 17.08 percent of total disbursements while security of persons and property disbursements represents 63.20 percent of the total. Disbursements included within security of persons and property, include primarily police and fire protection.

Governmental Activities

If you look at the statement of activities, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. As previously mentioned, the major program disbursements for governmental activities are for general government and security of persons and property, which account for 80.28 percent of all governmental disbursements. The next three columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities			
	Total Cost Of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services
	<u>2014</u>	<u>2014</u>	<u>2013</u>	<u>2013</u>
Security of Persons and Property	\$516,968	\$184,323	\$496,918	\$133,889
Public Health Services	3,000	3,000	1,808	1,788
Leisure Time Activities	8,669	8,369	1,638	1,638
Community Environment	306	306	0	0
Transportation	73,772	(5,320)	86,728	(404)
General Government	139,692	124,550	113,687	99,023
Capital Outlay	16,627	16,627	35,159	35,159
Debt Service:				
Principal Retirement	54,185	54,185	55,065	55,065
Interest and Fiscal Charges	4,721	4,721	6,735	6,735
Total Expenses	<u><u>\$817,940</u></u>	<u><u>\$390,761</u></u>	<u><u>\$797,738</u></u>	<u><u>\$332,893</u></u>

Village of Manchester, Adams County
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

Business-type Activities

The Village's Business-type Activities include water, sewer, and storm water infrastructure operations.

Water treatment and facility repairs are paid for through user fees. The revenue is used to pay for the necessary level of staffing required to operate the facility, debt service payments on system improvements and to fund system improvements. The Village owns and maintains the infrastructure necessary to furnish service to their residents and is responsible for major reconstruction and expansion within the community.

Sewer treatment and facility repairs are paid for through user fees. The revenue is used to pay for the necessary level of staffing required to operate the facility, debt service payments on system improvements and to fund system improvements. The Village owns and maintains the infrastructure necessary to furnish service to their residents and is responsible for major reconstruction and expansion within the community.

Storm Water Infrastructure treatment and facility repairs are paid for through user fees. The revenue is used to pay for the necessary level of staffing required to operate the facility, debt service payments on system improvements and to fund system improvements. The Village owns and maintains the infrastructure necessary to furnish service to their residents and is responsible for major reconstruction and expansion within the community.

Net position of business-type activities decreased \$43,906, primarily due to disbursements exceeding receipts.

The Village's Funds

Total governmental funds had receipts of \$792,731 and disbursements of \$817,940. The greatest change within governmental funds occurred within the EMS Fund. The EMS Fund decreased \$18,159 due primarily to debt service payments.

General Fund receipts were greater than disbursements; however, transfers out to other funds caused a decrease in fund balance.

The Fire Levy Fund's balance at December 31, 2014, was \$25,335, a decrease of \$834.

The Police Levy Fund's balance at December 31, 2014, was \$14,546. Disbursements continue to exceed receipts; however, with the transfers from the General Fund of \$110,000 the Fund balance increased by \$957.

The State Highway Fund's balance at December 31, 2014 was \$16,759.

The Water Fund's net position decreased \$28,095 primarily due to a decrease in charges for services revenue.

The Sewer Fund's net position decreased \$9,020 due to a decrease in charges for services revenue.

Village of Manchester, Adams County
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

For the General Fund, there was no difference between the original budget basis revenue and final budget basis revenues. Original budget basis expenditures were also the same as the final budget basis expenditures.

Actual revenues were \$21,802 higher than the final budget basis revenues, while the actual expenditures were \$40,363 higher than the final budget basis appropriations. This resulted in the Village's ending unobligated cash balance to be \$18,561 below the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2014, the Village of Manchester had \$2,622,787 in debt outstanding.

Table 4
Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Mortgage Revenue Bonds	\$0	\$0	\$1,279,074	\$1,324,248	\$1,279,074	\$1,324,248
General Obligation Bonds	0	0	54,100	71,400	54,100	71,400
OWDA Loans Payable	0	0	1,272,700	1,226,909	1,272,700	1,226,909
Fire Truck Loan	0	38,000	0	0	0	38,000
Long-Term Bond Anticipation Notes	16,913	33,098	0	0	16,913	33,098
Total	\$16,913	\$71,098	\$2,605,874	\$2,622,557	\$2,622,787	\$2,693,655

Governmental outstanding debt decreased by \$54,185 from 2013, primarily due to paying off the Fire truck loan.

The mortgage revenue bonds, general obligation bonds and OWDA loans will be paid from operating revenues of the Water, Sewer, and Storm Water Infrastructure Funds.

The City's overall 10.5 percent legal debt margin was \$1,479,328 as of December 31, 2014. The more restrictive unvoted legal debt margin within 5.5 percent was \$775,547 as of the same date. See Note 13 of the notes to the basic financial statements for more detailed information.

Village of Manchester, Adams County
Management's Discussion and Analysis
For the Year Ended December 31, 2014
Unaudited

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Fiscal Officer, Village of Manchester, 400 Pike St., Manchester, OH 45144.

Village of Manchester, Ohio
Adams County
Statement of Net Position - Cash Basis
December 31, 2014

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$145,600	\$158,510	\$304,110
<i>Total Assets</i>	<u>\$145,600</u>	<u>\$158,510</u>	<u>\$304,110</u>
Net Position			
Restricted for:			
Debt Service	4,050	0	4,050
Other Purposes	132,281	0	132,281
Unrestricted	9,269	158,510	167,779
<i>Total Net Position</i>	<u>\$145,600</u>	<u>\$158,510</u>	<u>\$304,110</u>

See accompanying notes to the basic financial statements

Village of Manchester, Ohio
Adams County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2014

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	
Governmental Activities				
Current:				
Security of Persons and Property	\$516,968	\$215,923	\$116,722	\$0
Public Health Services	3,000	0	0	0
Leisure Time Activities	8,669	0	300	0
Community Environment	306	0	0	0
Transportation	73,772	744	78,348	0
General Government	139,692	15,142	0	0
Capital Outlay	16,627	0	0	0
Debt Service:				
Principal Retirement	54,185	0	0	0
Interest and Fiscal Charges	4,721	0	0	0
<i>Total Governmental Activities</i>	<u>817,940</u>	<u>231,809</u>	<u>195,370</u>	<u>0</u>
Business-Type Activities				
Water Operating	376,560	326,457	0	20,735
Sewer Operating	335,112	277,173	0	0
Storm Water Infrastructure	59,789	16,289	0	0
<i>Total Business-Type Activities</i>	<u>771,461</u>	<u>619,919</u>	<u>0</u>	<u>20,735</u>
<i>Total Primary Government</i>	<u>\$1,589,401</u>	<u>\$851,728</u>	<u>\$195,370</u>	<u>\$20,735</u>

General Receipts:

- Property Taxes Levied for:
 - General Purposes
 - Debt Service
 - Security of Persons and Property
- Other Local Taxes
- Income Taxes
- Grants and Entitlements not Restricted to Specific Programs
- Earnings on Investments
- Miscellaneous
- Proceeds of Loans

Total General Receipts

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(\$184,323)	\$0	(\$184,323)
(3,000)	0	(3,000)
(8,369)	0	(8,369)
(306)	0	(306)
5,320	0	5,320
(124,550)	0	(124,550)
(16,627)	0	(16,627)
(54,185)	0	(54,185)
(4,721)	0	(4,721)
(390,761)	0	(390,761)
0	(29,368)	(29,368)
0	(57,939)	(57,939)
0	(43,500)	(43,500)
0	(130,807)	(130,807)
(390,761)	(130,807)	(521,568)
25,089	0	25,089
8,779	0	8,779
70,098	0	70,098
55	0	55
174,795	0	174,795
66,448	0	66,448
353	0	353
19,935	1,273	21,208
0	85,628	85,628
365,552	86,901	452,453
(25,209)	(43,906)	(69,115)
170,809	202,416	373,225
\$145,600	\$158,510	\$304,110

Village of Manchester, Ohio
Adams County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2014

	<u>General</u>	<u>EMS</u>	<u>Fire Levy</u>	<u>Police Levy</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$9,269	\$54,710	\$25,335	\$14,546
<i>Total Assets</i>	<u>\$9,269</u>	<u>\$54,710</u>	<u>\$25,335</u>	<u>\$14,546</u>
Fund Balances				
Restricted	\$0	\$54,710	\$25,335	\$14,546
Assigned	9,487	0	0	0
Unassigned	(218)	0	0	0
<i>Total Fund Balances</i>	<u>\$9,269</u>	<u>\$54,710</u>	<u>\$25,335</u>	<u>\$14,546</u>

See accompanying notes to the basic financial statements

State Highway	Other Governmental Funds	Total Governmental Funds
\$16,759	\$24,981	\$145,600
\$16,759	\$24,981	\$145,600
\$16,759	\$24,981	\$136,331
0	0	9,487
0	0	(218)
\$16,759	\$24,981	\$145,600

Village of Manchester, Ohio
Adams County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2014

	General	EMS	Fire Levy	Police Levy
Receipts				
Municipal Income Taxes	\$174,795	\$0	\$0	\$0
Property Taxes	25,089	0	35,039	35,059
Other Local Taxes	55	0	0	0
Intergovernmental	35,607	112,722	26,037	14,334
Charges for Services	4,955	171,517	0	0
Fines, Licenses and Permits	40,148	0	0	0
Contributions and Donations	0	0	0	0
Earnings on Investments	353	0	0	0
Miscellaneous	920	4,407	549	12,681
<i>Total Receipts</i>	<u>281,922</u>	<u>288,646</u>	<u>61,625</u>	<u>62,074</u>
Disbursements				
Current:				
Security of Persons and Property	15,607	288,195	54,539	154,490
Public Health Services	3,000	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	306	0	0	0
Transportation	0	0	0	0
General Government	138,695	0	0	0
Capital Outlay	0	0	0	16,627
Debt Service:				
Principal Retirement	0	16,185	7,904	0
Interest and Fiscal Charges	0	2,425	16	0
<i>Total Disbursements</i>	<u>157,608</u>	<u>306,805</u>	<u>62,459</u>	<u>171,117</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>124,314</u>	<u>(18,159)</u>	<u>(834)</u>	<u>(109,043)</u>
Other Financing Sources (Uses)				
Transfers In	0	0	0	110,000
Transfers Out	(135,186)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(135,186)</u>	<u>0</u>	<u>0</u>	<u>110,000</u>
<i>Net Change in Fund Balances</i>	(10,872)	(18,159)	(834)	957
<i>Fund Balances Beginning of Year</i>	<u>20,141</u>	<u>72,869</u>	<u>26,169</u>	<u>13,589</u>
<i>Fund Balances End of Year</i>	<u><u>\$9,269</u></u>	<u><u>\$54,710</u></u>	<u><u>\$25,335</u></u>	<u><u>\$14,546</u></u>

See accompanying notes to the basic financial statements

State Highway	Other Governmental Funds	Total Governmental Funds
\$0	\$0	\$174,795
0	8,779	103,966
0	0	55
5,681	75,137	269,518
0	744	177,216
0	2,445	42,593
0	4,300	4,300
0	0	353
0	1,378	19,935
5,681	92,783	792,731
0	4,137	516,968
0	0	3,000
0	8,669	8,669
0	0	306
894	72,878	73,772
0	997	139,692
0	0	16,627
0	30,096	54,185
0	2,280	4,721
894	119,057	817,940
4,787	(26,274)	(25,209)
0	25,186	135,186
0	0	(135,186)
0	25,186	0
4,787	(1,088)	(25,209)
11,972	26,069	170,809
\$16,759	\$24,981	\$145,600

Village of Manchester, Ohio
Adams County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Municipal Income Taxes	\$162,274	\$162,274	\$174,795	\$12,521
Property Taxes	23,100	23,100	25,089	1,989
Other Local Taxes	51	51	55	4
Intergovernmental	31,641	31,641	35,607	3,966
Charges for Services	4,600	4,600	4,955	355
Fines, Licenses and Permits	37,272	37,272	40,148	2,876
Earnings on Investments	328	328	353	25
Miscellaneous	854	854	920	66
<i>Total Receipts</i>	<u>260,120</u>	<u>260,120</u>	<u>281,922</u>	<u>21,802</u>
Disbursements				
Current:				
Security of Persons and Property	13,864	13,864	16,000	(2,136)
Public Health Services	2,599	2,599	3,000	(401)
Community Environment	265	265	306	(41)
General Government	128,055	128,055	147,789	(19,734)
<i>Total Disbursements</i>	<u>144,783</u>	<u>144,783</u>	<u>167,095</u>	<u>(22,312)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	115,337	115,337	114,827	(510)
Other Financing Sources				
Transfers Out	(117,135)	(117,135)	(135,186)	(18,051)
<i>Net Change in Fund Balance</i>	(1,798)	(1,798)	(20,359)	(18,561)
<i>Fund Balance Beginning of Year</i>	4,501	4,501	4,501	0
Prior Year Encumbrances Appropriated	15,640	15,640	15,640	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$18,343</u>	<u>\$18,343</u>	<u>(\$218)</u>	<u>(\$18,561)</u>

See accompanying notes to the basic financial statements

Village of Manchester, Ohio
Adams County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
EMS Fund
For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$117,546	\$127,381	\$112,722	(\$14,659)
Charges for Services	178,858	193,821	171,517	(22,304)
Miscellaneous	4,596	4,980	4,407	(573)
<i>Total Receipts</i>	<u>301,000</u>	<u>326,182</u>	<u>288,646</u>	<u>(37,536)</u>
Disbursements				
Current:				
Security of Persons and Property	284,616	284,616	306,799	(22,183)
Debt Service:				
Principal Retirement	15,015	15,015	16,185	(1,170)
Interest and Fiscal Charges	2,250	2,250	2,425	(175)
<i>Total Disbursements</i>	<u>301,881</u>	<u>301,881</u>	<u>325,409</u>	<u>(23,528)</u>
<i>Net Change in Fund Balance</i>	(881)	24,301	(36,763)	(61,064)
<i>Fund Balance Beginning of Year</i>	49,844	49,844	49,844	0
Prior Year Encumbrances Appropriated	<u>23,025</u>	<u>23,025</u>	<u>23,025</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$71,988</u>	<u>\$97,170</u>	<u>\$36,106</u>	<u>(\$61,064)</u>

See accompanying notes to the basic financial statements

Village of Manchester, Ohio
Adams County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire Levy Fund
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$40,500	\$40,500	\$35,039	(\$5,461)
Intergovernmental	19,344	27,148	26,037	(1,111)
Miscellaneous	456	572	549	(23)
<i>Total Receipts</i>	60,300	68,220	61,625	(6,595)
Disbursements				
Current:				
Security of Persons and Property	52,189	52,189	59,170	(6,981)
Debt Service:				
Principal Retirement	6,972	6,972	7,904	(932)
Interest and Fiscal Charges	14	14	16	(2)
<i>Total Disbursements</i>	59,175	59,175	67,090	(7,915)
<i>Net Change in Fund Balance</i>	1,125	9,045	(5,465)	(14,510)
<i>Unencumbered Fund Balance Beginning of Year</i>	25,165	25,165	25,165	0
Prior Year Encumbrances Appropriated	1,004	1,004	1,004	0
<i>Unencumbered Fund Balance End of Year</i>	\$27,294	\$35,214	\$20,704	(\$14,510)

See accompanying notes to the basic financial statements

Village of Manchester, Ohio
Adams County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Police Levy Fund
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$40,500	\$40,500	\$35,059	(\$5,441)
Intergovernmental	717	11,036	14,334	3,298
Miscellaneous	784	9,764	12,681	2,917
<i>Total Receipts</i>	<u>42,001</u>	<u>61,300</u>	<u>62,074</u>	<u>774</u>
Disbursements				
Current:				
Security of Persons and Property	258,716	266,467	171,823	94,644
Capital Outlay	25,036	25,785	16,627	9,158
<i>Total Disbursements</i>	<u>283,752</u>	<u>292,252</u>	<u>188,450</u>	<u>103,802</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(241,751)	(230,952)	(126,376)	104,576
Other Financing Sources				
Transfers In	6,799	110,000	110,000	0
<i>Net Change in Fund Balance</i>	(234,952)	(120,952)	(16,376)	104,576
<i>Unencumbered Fund Balance (Deficit) Beginning of Year</i>	(1,863)	(1,863)	(1,863)	0
Prior Year Encumbrances Appropriated	15,452	15,452	15,452	0
<i>Unencumbered Fund Balance (Deficit) End of Year</i>	<u>(\$221,363)</u>	<u>(\$107,363)</u>	<u>(\$2,787)</u>	<u>\$104,576</u>

See accompanying notes to the basic financial statements

Village of Manchester, Ohio
Adams County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
State Highway Fund
For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$5,200	\$5,200	\$5,681	\$481
Disbursements				
Current:				
Transportation	<u>5,200</u>	<u>5,200</u>	<u>894</u>	<u>4,306</u>
<i>Net Change in Fund Balance</i>	0	0	4,787	4,787
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>11,973</u>	<u>11,973</u>	<u>11,973</u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u><u>\$11,973</u></u>	<u><u>\$11,973</u></u>	<u><u>\$16,760</u></u>	<u><u>\$4,787</u></u>

See accompanying notes to the basic financial statements

Village of Manchester, Ohio
Adams County
Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2014

	<u>Business-Type Activities</u>			
	<u>Water Operating</u>	<u>Sewer Operating</u>	<u>Storm Water Infrastructure</u>	
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$90,413</u>	<u>\$44,719</u>	<u>\$23,378</u>	<u>\$158,510</u>
<i>Total Assets</i>	<u><u>\$90,413</u></u>	<u><u>\$44,719</u></u>	<u><u>\$23,378</u></u>	<u><u>\$158,510</u></u>
Net Position				
Unrestricted	<u>\$90,413</u>	<u>\$44,719</u>	<u>\$23,378</u>	<u>158,510</u>
<i>Total Net Position</i>	<u><u>\$90,413</u></u>	<u><u>\$44,719</u></u>	<u><u>\$23,378</u></u>	<u><u>\$158,510</u></u>

See accompanying notes to the basic financial statements

Village of Manchester, Ohio
Adams County
Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2014

	Business-Type Activities			Total
	Water Operating	Sewer Operating	Storm Water Infrastructure	
Operating Receipts				
Charges for Services	\$326,457	\$277,173	\$16,289	\$619,919
<i>Total Operating Receipts</i>	<u>326,457</u>	<u>277,173</u>	<u>16,289</u>	<u>619,919</u>
Operating Disbursements				
Personal Services	67,702	102,679	0	170,381
Employee Fringe Benefits	38,627	35,378	0	74,005
Contractual Services	51,656	4,616	0	56,272
Supplies and Materials	132,017	77,020	0	209,037
<i>Total Operating Disbursements</i>	<u>290,002</u>	<u>219,693</u>	<u>0</u>	<u>509,695</u>
<i>Operating Income (Loss)</i>	<u>36,455</u>	<u>57,480</u>	<u>16,289</u>	<u>110,224</u>
Non-Operating Receipts (Disbursements)				
Other Non-Operating Revenues	1,273	0	0	1,273
Proceeds of OWDA Loans	0	48,919	36,709	85,628
Special Assessments	20,735	0	0	20,735
Principal Retirement	(53,673)	(37,700)	(10,938)	(102,311)
Interest and Other Fiscal Charges	(32,885)	(38,286)	(3,102)	(74,273)
Capital Outlay	0	(39,433)	(45,749)	(85,182)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(64,550)</u>	<u>(66,500)</u>	<u>(23,080)</u>	<u>(154,130)</u>
<i>Change in Net Position</i>	<u>(28,095)</u>	<u>(9,020)</u>	<u>(6,791)</u>	<u>(43,906)</u>
<i>Net Position Beginning of Year</i>	<u>118,508</u>	<u>53,739</u>	<u>30,169</u>	<u>202,416</u>
<i>Net Position End of Year</i>	<u><u>\$90,413</u></u>	<u><u>\$44,719</u></u>	<u><u>\$23,378</u></u>	<u><u>\$158,510</u></u>

See accompanying notes to the basic financial statements

Village of Manchester, Ohio
Adams County
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Fund
December 31, 2014

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,957</u>
<i>Total Assets</i>	<u><u>1,957</u></u>
Net Position	
Held on Behalf of Others	<u>1,957</u>
<i>Total Net Position</i>	<u><u>\$1,957</u></u>

See accompanying notes to the basic financial statements

Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Note 1 – Reporting Entity

The Village of Manchester, Adams County, Ohio (the Village), is a body politic and corporate 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 six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water, sewer and storm water utilities, maintenance of Village streets and bridges, park operations, and police and fire services.

Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. The Village has no component units.

The Village participates in one shared risk pool, the Public Entities Pool of Ohio (PEP). This organization is presented in Note 14 of the basic financial statements.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in the "Basis of Accounting" section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America. Generally accepted accounting principles (GAAP) include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Position presents the cash balance of the governmental and business-type activities of the Village at year-end. The Statement of Activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as non-operating.

Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants), and other nonexchange transactions as governmental funds. The following are the Village's major governmental funds:

Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

General Fund – The General Fund is the operating fund of the Village and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

EMS Fund – The EMS Fund accounts for and reports restricted monies received from Adams County, along with charges for services for providing emergency medical treatment to the citizens of the Village and surrounding areas.

Fire Levy Fund – The Fire Levy Fund accounts for and reports restricted property tax monies to provide fire protection for the Village.

Police Levy Fund – The Police Levy Fund accounts for and reports restricted property tax monies to provide police protection for the Village.

State Highway Fund – The State Highway Fund accounts for and reports state gasoline taxes and motor vehicle license fees restricted to maintenance of streets and State highways within the Village.

The other governmental funds of the Village account for grants and other resources whose use is restricted, committed or assigned to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds of the Village are enterprise funds.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the Water Operating, Sewer Operating, and Stormwater Infrastructure Funds.

Water Operating Fund - The Water Operating Fund accounts for the provision of water to the residents and commercial users located within the Village.

Sewer Operating Fund - The Sewer Operating Fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Storm Water Infrastructure Fund – The Storm Water Infrastructure Fund accounts for the provision of storm water services to the residents and commercial users located within the Village.

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village has one agency fund which is used to account for money held for other governments, individuals and organizations for the distribution of mayor's court fines.

Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned, and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department level and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Village of Manchester, Adams County
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For the Year Ended December 31, 2014

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2014, the Village invested in non-negotiable certificates of deposit.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2014 was \$353, which includes \$272 assigned from other Village funds.

Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

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

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 11 and 12 the employer contributions include portions for pension benefits and for post-retirement health care benefits.

Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for street maintenance and repair, police protection services, fire protection services and emergency medical services.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted

The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource provides, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (Village ordinances).

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned

Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by Village Charter or ordinance. State statute authorizes the Fiscal Officer to assign fund balance purchases on order provided such amounts have been lawfully approved.

Unassigned

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

Note 3 – Change in Accounting Principles

For 2014, the Village has implemented GASB Statement No. 69, “*Government Combinations and Disposals of Government Operations*” and GASB Statement No. 70, “*Accounting and Financial Reporting for Nonexchange Financial Guarantees*”.

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the Village.

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the Village.

Note 4 – Accountability and Compliance

The budgetary financial statements reflect amounts that ordinarily would result in noncompliance citations under Revised Code Chapter 5705. Since the Village is in fiscal emergency, however, its financial operations are restricted by the provisions of Chapter 118 rather than Chapter 5705. Citations to Chapter 5705 would therefore be presented only for funds which did not contribute to the Village being placed in fiscal emergency.

Contrary to Ohio Revised Code Section 5705.41(D), the Village had 26% of disbursements with an invoice dated after purchase order during the year ended December 31, 2014.

Contrary to Ohio Revised Code 5705.41(B) and 5705.40, budgetary expenditures exceeded appropriation authority in certain funds for the year ended December 31, 2014.

Contrary to Ohio Revised Code 5705.39 and 5705.36, certain funds had appropriations in excess of estimated resources for the year ended December 31, 2014.

Contrary to Ohio Revised Code Section 118.12, 2014 General Fund disbursements exceeded 85% of the respective prior year General Fund disbursements.

Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Note 5 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budgetary Basis) is presented for the General Fund and the EMS, Fire Levy, Police Levy, and State Highway Special Revenue Funds on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year-end encumbrances treated as cash disbursements (budgetary basis) rather than as reservations of fund balance (cash basis).

The encumbrances outstanding at year-end (budgetary basis) are detailed in the table below.

<u>Fund</u>	<u>12/31/14 Outstanding Encumbrance</u>
General	\$ 9,487
Emergency Medical Services	18,604
Fire Levy	4,631
Police Levy	17,333

Note 6 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Commercial paper and bankers acceptances, if trading requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above; and
7. The State Treasurer's investment pool (STAROhio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Deposits

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Note 7 – Income Taxes

The Village levies a 1.0 percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another Village or 100 percent of the 1.0 percent tax rate on taxable income. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

Note 8 – Property Taxes

Property taxes include amounts levied against all real property and public utility property located in the Village. Real property tax receipts received in 2014 for real and public utility property taxes represent the collection of 2013 taxes. Property tax payments received during 2014 for tangible personal property (other than public utility property) are for 2014 taxes.

Village of Manchester, Adams County
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For the Year Ended December 31, 2014

2014 real property taxes are levied after October 1, 2014, on the assessed values as of January 1, 2014, the lien date. Assessed values are established by State statute at 35 percent of appraised market value. 2014 real property taxes are collected in and intended to finance 2015.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2014 public utility property taxes became a lien December 31, 2013, are levied after October 1, 2014, and are collected in 2015 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2014, was \$1.50 per \$1,000 of assessed value. The assessed values of real property and tangible personal property upon which 2014 property tax receipts were based are as follows:

Category	Assessed Value
Real Property:	
Agricultural/Residential	\$10,690,200
Commercial/Industrial	1,915,970
Tangible Personal Property:	
Public Utility Real	1,469,460
Total Property Taxes	\$14,075,630

Note 9 – Interfund Activity

Transfers made during the year ended December 31, 2014 were as follows:

		Transfer To		
		Police Levy	Other Governmental	Total
Transfer From		Fund	Funds	Total
		General Fund	\$110,000	25,186

Transfers were made from the General Fund to the Police Levy, Parks and Recreation, and the Community Youth Center State Grant Special Revenue Funds to support the operations.

Note 10 – Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village maintains comprehensive insurance coverage through the Public Entities Pool of Ohio (PEP), a risk sharing pool, for building contents, vehicles, general liability, public official and police professional liability. Settlements have not exceeded coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

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

Note 11 – Defined Benefit Pension Plans

Ohio Public Employee Retirement System

Plan Description – The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14.0 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10.0 percent. For the year ended December 31, 2014, members in state and local divisions contributed 10 percent of covered payroll while public safety and law enforcement members contributed 12.0 percent and 13.0 percent, respectively. Members in the State and local divisions may participate in all three plans. For 2014, member and employer contribution rates were consistent across all three plans.

The Village's 2014 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the Village's contribution was 18.10 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. For 2014, the portion of employer contribution allocated to health care was 2.0 percent for members in the Traditional Plan and the Combined Plan. Employer contribution rates are actuarially determined.

The Village's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2014, 2013, and 2012 were \$37,635, \$32,443, and \$30,478, respectively; the full amount has been contributed for 2014, 2013 and 2012. There were no contributions made to the Member-Directed Plan during 2014.

Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Ohio Police and Fire Pension Fund

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164 or by visiting the website at www.op-f.org.

Funding Policy – Employer and employee contribution rates are set by the Ohio Revised Code. From January 1, 2014 thru July 1, 2014, plan members were required to contribute 10.75 percent of their annual covered salary. From July 2, 2014, thru December 31, 2014, plan members were required to contribute 11.5 percent of their annual covered salary. Throughout 2014, employers were required to contribute 19.5 percent and 24.0 percent respectively for police officers and firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. For January, 1, 2014 thru December 31, 2014, the portion of employer contributions used to fund pension benefits was 19.0 percent of covered payroll for police officers and 23.5 percent of covered payroll for firefighters. The Village has no firefighters who are members of OP&F. The Village's contributions to OP&F for police pensions were \$10,351 for the year ended December 31, 2014, \$13,592 for the year ended December 31, 2013, and \$7,246 for the year ended December 31, 2012. The full amount has been contributed for police for 2014, 2013 and 2012.

Note 12 – Post-Employment Benefits

Ohio Public Employee Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Village of Manchester, Adams County
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Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan and the Combined Plan was 2.0 percent for 2014. Effective January 1, 2015, the portion of the employer contributions allocated to healthcare remained at 2.0 percent for both plans, as recommended by the OPERS Actuary.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Village’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014, 2013, and 2012 were \$15,054, \$12,977, and \$12,191, respectively; 100.0 percent has been contributed for 2014, 2013 and 2012.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.0 percent of the employer contributions toward the health care fund after the end of the transition period.

Ohio Police and Fire Pension Fund

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long-term care to retirees, qualifying benefit recipients, and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164 or by visiting the website at www.op-f.org.

Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 0.5 percent of covered payroll from January 1, 2014 thru December 31, 2014. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The Village has no firefighters who are members of OP&F; therefore, OP&F covers police personnel only.

The Village's contributions to OP&F which were allocated to fund post-employment health care benefits for police were \$1,553 for the year ended December 31, 2014, \$2,327 for the year ended December 31, 2013, and \$3,836 for the year ended December 31, 2012. The full amount has been contributed for police for 2014, 2013 and 2012.

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Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Note 13 – Debt

The Village’s long-term debt activity for the year ended December 31, 2014, was as follows:

Types / Issues	Balance 12/31/2013	Issued	Retired	Balance 12/31/2014	Due Within One Year
<u>Business-Type Activities</u>					
<u>General Obligation Bonds</u>					
2002 Water System Improvement Bonds 5.25%	\$71,400	\$0	\$17,300	\$54,100	\$18,200
<u>Mortgage Revenue Bonds</u>					
Water Fund					
2004 USDA Rural Development Mortgage Revenue Bonds 4.375%	473,448	0	7,474	465,974	7,801
Sewer Fund					
1998 Sanitary Sewer System Mortgage Revenue Bonds Series A 4.50%	767,200	0	19,300	747,900	20,200
1998 Sanitary Sewer System Mortgage Revenue Bonds Series B 4.50%	83,600	0	18,400	65,200	19,300
Total Sewer Fund	850,800	0	37,700	813,100	39,500
Total Mortgage Revenue Bonds	1,324,248	0	45,174	1,279,074	47,301
<u>Other Long-Term Obligations</u>					
2004 OWDA Water Treatment and Wellfield Improvement Loan 1.50%	747,137	0	28,899	718,238	29,334
2010 OWDA Storm Sewer Replacement Loan 1.50%	114,176	0	3,449	110,727	3,501
2011 OWDA Storm Sewer Construction Loan 1.50%	181,187	0	5,229	175,958	5,308
2013 OWDA Sewer Collection System Loan 0%	145,035	0	145,035	0	0
2013 OWDA Phase 2 Storm Sewer Improvement Loan 1.50%	39,374	36,709	2,260	73,823	2,268
2014 Sewer Collection System Rehabilitation 0%	0	193,954	0	193,954	0
Total Loans	1,226,909	230,663	184,872	1,272,700	40,411
Total Business-Type Activities	\$2,622,557	\$230,663	\$247,346	\$2,605,874	\$105,912

Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Types / Issues	Balance 12/31/2013	Issued	Retired	Balance 12/31/2014	Due Within One Year
Governmental Activities					
Other Long-Term Obligation					
2007 Fire Truck Loan 6.0%	\$38,000	\$0	\$38,000	\$0	\$0
2010 Ambulance Acquisition Notes 4.5%	33,098	0	16,185	16,913	16,913
Total Governmental Activities	\$71,098	\$0	\$54,185	\$16,913	\$16,913

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed an amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2014, were an overall debt margin of \$1,479,328 and an unvoted debt margin of \$775,547.

Following are summaries of the Village's Business-Type Activities future annual debt service requirements:

Year	<i>Business-Type Activities</i>					
	<i>Water Operating Fund</i>					
	<i>General Obligation Bonds</i>		<i>Mortgage Revenue Bonds</i>		<i>OWDA Loans</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2015	\$18,200	\$2,362	\$7,801	\$20,386	\$29,334	\$10,554
2016	19,200	1,380	8,143	20,045	29,775	10,110
2017	16,700	438	8,499	19,689	30,224	9,660
2018	0	0	8,870	19,317	30,679	9,204
2019	0	0	9,259	18,929	31,141	8,740
2020-2024	0	0	52,736	88,202	162,881	36,495
2025-2029	0	0	65,326	75,612	175,517	23,813
2030-2034	0	0	80,922	60,016	189,135	10,144
2035-2039	0	0	100,243	40,695	39,552	297
2040-2044	0	0	124,175	16,763	0	0
Totals	\$54,100	\$4,180	\$465,974	\$379,654	\$718,238	\$119,017

Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

<u>Year</u>	<u>Business-Type Activities</u> <u>Sewer Operating Fund</u>		<u>Business-Type Activities</u> <u>Storm Sewer Operating Fund</u>	
	<u>Mortgage Revenue Bonds</u>		<u>OWDA Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$39,500	\$36,589	\$8,809	\$4,251
2016	41,200	34,812	8,941	4,118
2017	43,100	32,958	9,075	3,985
2018	22,000	31,018	9,212	3,847
2019	23,000	3,029	9,351	3,709
2020-2024	131,300	133,668	48,927	16,389
2025-2029	163,600	101,354	52,704	12,595
2030-2034	203,800	61,074	56,792	8,506
2035-2039	145,600	13,297	61,199	4,100
2040-2041	0	0	21,675	349
Totals	<u>\$813,100</u>	<u>\$447,799</u>	<u>\$286,685</u>	<u>\$61,849</u>

Following is the summary of the Village's Governmental Activities future annual debt service requirements:

<u>Governmental Activities</u> <u>Ambulance Acquisition Note</u>		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2015	\$16,913	\$775

On March 22, 2002, the Village issued \$217,000 in general obligation bonds for the purpose of retiring the Waterline Extension Bond Anticipation Notes and the Water System Bond Anticipation Notes. The 2002 Water System Improvement Bonds were issued for a 15 year period with final maturity on March 1, 2017. The bonds will be repaid from service fees collected in the Water Operating Fund.

The 2004 USDA Rural Development Mortgage Revenue Bonds were issued for \$523,000 for the purpose of paying the costs of constructing improvements to the Village's water system. The bonds will be repaid over 39 years with service fees collected in the Water Operating Fund.

The 1998 Sanitary Sewer System Mortgage Revenue Bonds Series A were issued for \$975,000. The bonds were obtained for the purpose of paying the costs of constructing improvements to the Village's sewer system. The bonds will be repaid over 40 years with service fees collected in the Sewer Operating Fund.

The 1998 Sanitary Sewer System Mortgage Revenue Bonds Series B was issued for \$300,000. The bonds were obtained for the purpose of paying the costs of constructing improvements to the Village's sewer system. The bonds will be repaid over 40 years with service fees collected in the Sewer Operating Fund.

The 2004 OWDA Water Treatment and Wellfield Improvement Loan was issued for \$963,420. The loan was obtained for the purpose of paying the costs of constructing improvements to the Village's water treatment plant and well field. A portion of this loan was used by OWDA to pay the 2002 OWDA Water Treatment Loan. The amount that OWDA applied to the 2002 loan was \$71,950. The loan will be repaid over 30 years from service fees collected in the Water Operating Fund.

Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

The 2010 OWDA Storm Sewer Replacement Loan was issued for \$123,879. The loan was obtained for the purpose of paying costs of the replacement of storm sewers in the Village. The loan will be repaid over 30 years from service fees in the Storm Water Infrastructure Fund.

The 2011 OWDA Storm Sewer Construction Loan was issued for \$190,685. The loan was obtained for the purpose of paying costs of construction of storm sewers in the Village. The loan will be repaid over 30 years from service fees in the Storm Water Infrastructure Fund.

On March 1, 2007, the Village received a \$250,000 Fire Truck Loan, bearing interest at the rate of 6.0 percent per annum, payable semi-annually on June 1 and December 1 of each year, commencing on December 1, 2007. The loan was issued for the purpose of purchasing a new fire truck. The loan will be repaid over eight years with property tax receipts from the Debt Service Fund.

The 2010 Ambulance Acquisition Note was issued for \$77,589. The note was obtained to purchase an ambulance. The note will be repaid over 5 years from charges for services in the EMS special revenue fund.

In 2013, the Village issued a \$161,150 OWDA Sewer Collection System Loan for improvements to the sewer system. The loan will be repaid over 5 years from service fees in the Sewer Operating Fund; however, an amortization schedule was not available yet at this time. In 2014, the remaining balance of \$145,035 was rolled into the 2014 Sewer Collection System Rehabilitation Loan.

In 2013, the Village issued a \$39,374 OWDA Phase 2 Storm Sewer Improvement Loan for improvements on the storm sewers in the Village. The loan will be repaid over 30 years from the Storm Water Infrastructure Fund; however, an amortization schedule was not available yet at this time.

The 2014 OWDA Sewer Collection System Rehabilitation Loan was issued for \$193,954. The loan was obtained for improvements to the sewer system. The loan will be repaid over 5 years from the Sewer Operating Fund; however, an amortization schedule was not available yet at this time. During the year, the Village received \$48,919 in true additional proceeds and \$145,035 was transferred from the 2013 OWDA Sewer Collection System Loan, thereby consolidating the loans. The loan will be repaid from the Sewer Operating Fund; however, an amortization schedule was not available.

The Village has pledged future receipts of operating disbursements to repay the 2004 OWDA loan in the Water Operating Fund. The debt is payable solely from net receipts through 2014. Annual principal payments on the debt issue are expected to require 79.27 percent of net revenues. Principal paid for the year and total net revenues available were \$28,899 and \$36,455, respectively.

The Village has pledged future receipts of operating disbursements to repay the 2014 OWDA loan in the Sewer Operating Fund. The debt is payable solely from net receipts through 2014. Annual principal payments on the debt issue are not known as of the date of this report. Principal paid for the year and total net revenues available were zero and \$57,480, respectively.

The Village has pledged future receipts of operating disbursements to repay the remaining OWDA loans in the Storm Water Infrastructure Fund. The debt is payable solely from net receipts through 2014. Annual principal payments on the debt issue are expected to require 67.15 percent of net revenues. Principal paid for the year and total net revenues available were \$10,938 and \$16,289, respectively.

Note 14 – Shared Risk Pool

The Public Entities Pool of Ohio (PEP) is a statutory entity created pursuant to section 2744.081, of the Ohio Revised Code, by the execution of an intergovernmental contract (“Participation Agreements”). PEP enables the subscribing subdivisions to pool risk for property, liability and public officials’ liability. PEP has no employees, rather it is administrated through contracts with various professionals. Pursuant to a contract, the firm Accordia of Ohio administers PEP. PEP is a separate legal entity. PEP subcontracts certain self-insurance, administrative and claims functions to a “Pool Operator,” currently Crawford and Company. PEP has executed contracts with various professionals for actuary services, as independent auditors, as loss control representatives, as litigation management and defense law firms, as council to PEP and others as required.

PEP is governed by a seven member Board of Trustees elected by the members of PEP. The Village makes an annual contribution to PEP for the coverage it is provided, based on rates established by PEP. Financial information may be obtained by writing to the Public Entities Pool of Ohio, 229 Riverside Drive, Dayton, Ohio 45402.

Note 15 – Contingent Liabilities

Litigation

The Village is currently not party to any legal proceedings.

Federal and State Grants

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2014

Note 16 - Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below.

Fund Balances	General	EMS Fund	Fire Levy Fund	Police Levy Fund	State Highway Fund	Nonmajor Governmental Funds	Total
<u>Restricted for:</u>							
Emergency Medical Services	\$0	\$54,710	\$0	\$0	\$0	\$0	\$54,710
Fire Services	0	0	25,335	0	0	4,050	29,385
Police Services	0	0	0	14,546	0	0	14,546
Law Enforcement	0	0	0	0	0	738	738
Enforcement and Education	0	0	0	0	0	3,455	3,455
Drug Law Enforcement	0	0	0	0	0	3,577	3,577
Parks and Recreation	0	0	0	0	0	3	3
Transportation	0	0	0	0	16,759	8,785	25,544
Computer Equipment	0	0	0	0	0	4,373	4,373
<i>Total Restricted</i>	<u>0</u>	<u>54,710</u>	<u>25,335</u>	<u>14,546</u>	<u>16,759</u>	<u>24,981</u>	<u>136,331</u>
<u>Assigned</u>	<u>9,487</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,487</u>
<u>Unassigned</u>	<u>(218)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(218)</u>
Total Fund Balances	<u><u>\$9,269</u></u>	<u><u>\$54,710</u></u>	<u><u>\$25,335</u></u>	<u><u>\$14,546</u></u>	<u><u>\$16,759</u></u>	<u><u>\$24,981</u></u>	<u><u>\$136,113</u></u>

Note 17 – Fiscal Emergency Determination

The Auditor of State of Ohio declared the Village of Manchester to be in a state of fiscal emergency on September 29, 1997, in accordance with Section 118.03 of the Ohio Revised Code. The declaration resulted in the establishment of a Financial Planning and Supervision Commission. The Commission is comprised of the Village Mayor, the Village Council President, the Adams County Auditor, a local resident and three State of Ohio representatives.

Village of Manchester, Adams County
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

This discussion and analysis of the Village of Manchester's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2013, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2013 are as follows:

The Village's total net position increased \$1,054. Net Position of Governmental Activities increased by \$4,937. Net Position of Business-Type Activities decreased by \$3,883.

General revenues of Governmental Activities accounted for \$337,830 or 42 percent of all governmental revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$464,845 or 58 percent of total governmental revenues of \$802,675.

Enterprise funds reflected a total operating income of \$305,886. The Water, Sewer and Storm Water Infrastructure Funds all reflected an operating income of \$204,094, \$99,893, and \$1,899, respectively.

The Village had \$797,738 in expenses related to Governmental Activities. \$464,845 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$337,830 were adequate to provide for these programs. The Village had \$1,089,471 in expenses related to Business-Type Activities, which were offset by \$885,064 in program specific charges for services, capital grants and contributions, along with proceeds of loan, which were not sufficient to cover expenses.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

Report Components

The statement of net position and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Village of Manchester, Adams County
Management's Discussion and Analysis
For the Year Ended December 31, 2013
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Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Village as a Whole

One of the most important questions to be asked about the Village is "How did we do financially during 2013?"

The statement of net position and the statement of activities reflect how the Village did financially during 2013, within the limitations of the cash basis of accounting. The statement of net position presents the cash balances and investments of the governmental and business-type activities of the Village at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well, such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations, and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net position and the statement of activities, we divide the Village into two types of activities:

Governmental Activities - Most of the Village's basic services are reported here, including street maintenance, police and fire services. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type Activities - These services include water, sewer and storm water infrastructure. Service fees for these operations are charged based upon the amount of usage. The intent is that the fees charged recoup operational costs.

Village of Manchester, Adams County
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and proprietary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund and the EMS Levy, Fire Levy, and Police Levy Special Revenue Funds and Debt Service Fund.

Proprietary Funds - When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has three enterprise funds: Water Operating, Sewer Operating, and Storm Water Infrastructure.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs. The Village has one agency fund which is used to account for money held for other governments, individuals and organizations from the distribution of mayor's court fines.

The Village as a Whole

Table 1 provides a summary of the Village's Net Position for 2013 compared to 2012 on a cash basis:

Village of Manchester, Adams County
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets						
Cash and Cash Equivalents	\$170,809	\$165,872	\$202,416	\$206,299	\$373,225	\$372,171
Net Position						
Restricted for:						
Debt Service	26,174	40,869	0	0	26,174	40,869
Other Purposes	144,680	113,850	0	0	144,680	113,850
Unrestricted	(45)	11,153	202,416	206,299	202,371	217,452
Total Net Position	<u>\$170,809</u>	<u>\$165,872</u>	<u>\$202,416</u>	<u>\$206,299</u>	<u>\$373,225</u>	<u>\$372,171</u>

As mentioned previously, net position of governmental activities increased \$4,937 during 2013. The primary reason contributing to the increase is that revenues exceeded expenditures. Net Position of Business-type Activities decreased \$3,883. This decrease is related to expenditures exceeding revenues.

Table 2 reflects the changes in Net Position in 2013. Since the Village did not prepare financial statements in this format for 2012, a comparative analysis of data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

(Table 2)
Changes in Net Position

	Governmental Activities	Business-Type Activities	Totals
	2013	2013	2013
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$204,679	\$850,248	\$1,054,927
Operating Grants and Contributions	260,166	0	260,166
Capital Grants and Contributions	0	34,816	34,816
Total Program Receipts	<u>464,845</u>	<u>885,064</u>	<u>1,349,909</u>
General Receipts:			
Property Taxes	123,175	0	123,175
Income Taxes	153,356	0	153,356
Other Local Taxes	11,695	0	11,695
Grants and Entitlements Not Restricted to Specific Programs	34,635	0	34,635
Debt Proceeds	0	200,524	200,524
Interest	860	0	860
Miscellaneous	14,109	0	14,109
Total General Receipts	<u>337,830</u>	<u>200,524</u>	<u>538,354</u>
Total Receipts	<u>802,675</u>	<u>1,085,588</u>	<u>1,888,263</u>

Village of Manchester, Adams County
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

(Table 2)
Changes in Net Position
(continued)

	Governmental Activities	Business-Type Activities	Totals
	2013	2013	2013
Disbursements:			
Security of Persons and Property	496,918	0	496,918
Public Health Services	1,808	0	1,808
Leisure Time Activities	1,638	0	1,638
Transportation	86,728	0	86,728
General Government	113,687	0	113,687
Capital Outlay	35,159	0	35,159
Debt Service:			
Principal Retirement	55,065	0	55,065
Interest and Fiscal Charges	6,735	0	6,735
Other	0	0	0
Water Operating	0	505,972	505,972
Sewer Operating	0	525,501	525,501
Storm Water Infrastructure	0	57,998	0
<i>Total Disbursements</i>	<u>797,738</u>	<u>1,089,471</u>	<u>1,829,211</u>
Change in Net Position	4,937	(3,883)	1,054
Net Position Beginning of Year	<u>165,872</u>	<u>206,299</u>	<u>372,171</u>
Net Position End of Year	<u>\$170,809</u>	<u>\$202,416</u>	<u>\$373,225</u>

The Village's Funds

Total governmental funds had receipts of \$802,675 and disbursements of \$797,738. The greatest change within governmental funds occurred within the Debt Service Fund.

General Fund disbursements were greater than receipts which resulted in a decrease in fund balance of \$11,198.

The EMS Fund balance at December 31, 2013 increased \$24,104. This increase was due to revenues exceeding expenditures.

The Fire Levy Fund's balance increased \$7,296 due to receipts greater than disbursements.

The Police Levy Fund's balance at December 31, 2013, was \$13,589. Disbursements continue to exceed receipts however, with transfers of \$125,000 from the General Fund, operations were maintained.

The Debt Service Fund's balance at December 31, 2013 was \$26,174. This fund has been accumulating property tax revenue to make payments on a loan for a new fire truck.

The Water Fund's net position increased \$30,769.

Village of Manchester, Adams County
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

The Sewer Fund's net position decreased \$33,979 due to debt service payments and advances to governmental funds.

The Storm Water Infrastructure Fund's net position decreased \$673.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

For the General Fund, there was no difference between the original budget basis revenue and final budget basis revenues. Original budget basis expenditures were also the same as the final budget basis expenditures.

Actual revenues were \$27,906 lower than the final budget basis revenues, while the actual expenditures were \$11,844 higher than the final budget basis appropriations. This resulted in the Village's ending unobligated cash balance to be \$39,750 below the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2013, the Village of Manchester had \$2,693,655 in debt outstanding.

Table 4
Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Mortgage Revenue Bonds	\$0	\$0	\$1,324,248	\$1,367,509	\$1,324,248	\$1,324,248
General Obligation Bonds	0	0	71,400	87,900	71,400	71,400
OWDA Loans Payable	0	0	1,226,909	1,077,915	1,226,909	1,226,909
Fire Truck Loan	38,000	74,000	0	0	38,000	74,000
Long-Term Bond Anticipation Notes	33,098	48,586	0	0	33,098	48,586
Fire Station Bonds	0	3,577	0	0	0	3,577
Total	\$71,098	\$126,163	\$2,622,557	\$2,533,324	\$2,693,655	\$2,748,720

Outstanding governmental debt decreased by \$55,065 from 2012, primarily due to the Village principal payment amounts increasing when compared to 2012.

Village of Manchester, Adams County
Management's Discussion and Analysis
For the Year Ended December 31, 2013
Unaudited

The mortgage revenue bonds, general obligation bonds and OWDA loans will be paid from operating revenue from the Water, Sewer and Storm Water Infrastructure Funds.

The City's overall 10.5 percent legal debt margin was \$1,418,725 as of December 31, 2013. The more restrictive unvoted legal debt margin within 5.5 percent was \$718,196 as of the same date. See Note 13 of the notes to the basic financial statements for more detailed information.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to the Fiscal Officer, Village of Manchester, 400 Pike St., Manchester, OH 45144.

Village of Manchester, Ohio
Adams County
Statement of Net Position - Cash Basis
December 31, 2013

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$170,809	\$202,416	\$373,225
<i>Total Assets</i>	<u>\$170,809</u>	<u>\$202,416</u>	<u>\$373,225</u>
Net Position			
Restricted for:			
Debt Service	26,174	0	26,174
Other Purposes	144,680	0	144,680
Unrestricted	(45)	202,416	202,371
<i>Total Net Position</i>	<u>\$170,809</u>	<u>\$202,416</u>	<u>\$373,225</u>

See accompanying notes to the basic financial statements

Village of Manchester, Ohio
Adams County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2013

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Current:				
Security of Persons and Property	\$496,918	\$178,576	\$184,453	\$0
Public Health Services	1,808	20	0	0
Leisure Time Activities	1,638	0	0	0
Transportation	86,728	11,419	75,713	0
General Government	113,687	14,664	0	0
Capital Outlay	35,159	0	0	0
Debt Service:				
Principal Retirement	55,065	0	0	0
Interest and Fiscal Charges	6,735	0	0	0
<i>Total Governmental Activities</i>	<u>797,738</u>	<u>204,679</u>	<u>260,166</u>	<u>0</u>
Business-Type Activities				
Water Operating	505,972	501,925	0	34,816
Sewer Operating	525,501	330,372	0	0
Storm Water Infrastructure	57,998	17,951	0	0
<i>Total Business-Type Activities</i>	<u>1,089,471</u>	<u>850,248</u>	<u>0</u>	<u>34,816</u>
<i>Total Primary Government</i>	<u>\$1,887,209</u>	<u>\$1,054,927</u>	<u>\$260,166</u>	<u>\$34,816</u>
General Receipts:				
Property Taxes Levied for:				
General Purposes				
Debt Service				
Security of Persons and Property				
Other Local Taxes				
Income Taxes				
Grants and Entitlements not Restricted to Specific Programs				
Earnings on Investments				
Miscellaneous				
Proceeds of Loans				
<i>Total General Receipts</i>				
Change in Net Position				
<i>Net Position Beginning of Year</i>				
<i>Net Position End of Year</i>				

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(\$133,889)	\$0	(\$133,889)
(1,788)	0	(1,788)
(1,638)	0	(1,638)
404	0	404
(99,023)	0	(99,023)
(35,159)	0	(35,159)
(55,065)	0	(55,065)
(6,735)	0	(6,735)
(332,893)	0	(332,893)
0	30,769	30,769
0	(195,129)	(195,129)
0	(40,047)	(40,047)
0	(204,407)	(204,407)
(332,893)	(204,407)	(537,300)
18,562	0	18,562
23,249	0	23,249
81,364	0	81,364
11,695	0	11,695
153,356	0	153,356
34,635	0	34,635
860	0	860
14,109	0	14,109
0	200,524	200,524
337,830	200,524	538,354
4,937	(3,883)	1,054
165,872	206,299	372,171
\$170,809	\$202,416	\$373,225

Village of Manchester, Ohio
Adams County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2013

	<u>General</u>	<u>EMS</u>	<u>Fire Levy</u>	<u>Police Levy</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$20,141	\$72,869	\$26,169	\$13,589
<i>Total Assets</i>	<u>\$20,141</u>	<u>\$72,869</u>	<u>\$26,169</u>	<u>\$13,589</u>
Fund Balances				
Restricted	\$0	\$72,869	\$26,169	\$13,589
Assigned	15,640	0	0	0
Unassigned (Deficit)	4,501	0	0	0
<i>Total Fund Balances</i>	<u>\$20,141</u>	<u>\$72,869</u>	<u>\$26,169</u>	<u>\$13,589</u>

See accompanying notes to the basic financial statements

Debt Service	Other Governmental Funds	Total Governmental Funds
\$26,174	\$11,867	\$170,809
\$26,174	\$11,867	\$170,809
\$26,174	\$32,053	\$170,854
0	0	15,640
0	(20,186)	(15,685)
\$26,174	\$11,867	\$170,809

Village of Manchester, Ohio
Adams County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2013

	General	EMS	Fire Levy	Police Levy
Receipts				
Municipal Income Taxes	\$153,356	\$0	\$0	\$0
Property Taxes	18,562	0	40,682	40,682
Other Local Taxes	11,695	0	0	0
Intergovernmental	13,815	154,549	19,882	8,437
Charges for Services	4,368	140,010	0	0
Fines, Licenses and Permits	35,250	0	0	0
Contributions and Donations	0	0	0	29,904
Earnings on Investments	860	0	0	0
Miscellaneous	8,159	0	1,832	4,118
<i>Total Receipts</i>	<u>246,065</u>	<u>294,559</u>	<u>62,396</u>	<u>83,141</u>
Disbursements				
Current:				
Security of Persons and Property	13,774	252,771	51,424	177,444
Public Health Services	1,808	0	0	0
Leisure Time Activities	0	0	0	0
Transportation	0	0	0	0
General Government	111,681	0	0	0
Capital Outlay	0	0	0	35,159
Debt Service:				
Principal Retirement	0	15,488	3,577	0
Interest and Fiscal Charges	0	2,196	99	0
<i>Total Disbursements</i>	<u>127,263</u>	<u>270,455</u>	<u>55,100</u>	<u>212,603</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>118,802</u>	<u>24,104</u>	<u>7,296</u>	<u>(129,462)</u>
Other Financing Sources (Uses)				
Transfers In	0	0	0	125,000
Transfers Out	(130,000)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(130,000)</u>	<u>0</u>	<u>0</u>	<u>125,000</u>
<i>Net Change in Fund Balances</i>	(11,198)	24,104	7,296	(4,462)
<i>Fund Balances Beginning of Year (Restated)</i>	<u>31,339</u>	<u>48,765</u>	<u>18,873</u>	<u>18,051</u>
<i>Fund Balances End of Year</i>	<u><u>\$20,141</u></u>	<u><u>\$72,869</u></u>	<u><u>\$26,169</u></u>	<u><u>\$13,589</u></u>

See accompanying notes to the basic financial statements

Debt Service	Other Governmental Funds	Total Governmental Funds
\$0	\$0	\$153,356
23,249	0	123,175
0	0	11,695
4,502	75,713	276,898
0	405	144,783
0	12,645	47,895
0	0	29,904
0	0	860
0	0	14,109
27,751	88,763	802,675
0	1,505	496,918
0	0	1,808
0	1,638	1,638
0	86,728	86,728
2,006	0	113,687
0	0	35,159
36,000	0	55,065
4,440	0	6,735
42,446	89,871	797,738
(14,695)	(1,108)	4,937
0	5,000	130,000
0	0	(130,000)
0	5,000	0
(14,695)	3,892	4,937
40,869	7,975	165,872
\$26,174	\$11,867	\$170,809

Village of Manchester, Ohio
Adams County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Municipal Income Taxes	\$169,446	\$169,446	\$153,356	(\$16,090)
Property Taxes	22,600	22,600	18,562	(4,038)
Other Local Taxes	12,922	12,922	11,695	(1,227)
Intergovernmental	15,264	15,264	13,815	(1,449)
Charges for Services	4,826	4,826	4,368	(458)
Fines, Licenses and Permits	38,948	38,948	35,250	(3,698)
Earnings on Investments	950	950	860	(90)
Miscellaneous	9,015	9,015	8,159	(856)
<i>Total Receipts</i>	<u>273,971</u>	<u>273,971</u>	<u>246,065</u>	<u>(27,906)</u>
Disbursements				
Current:				
Security of Persons and Property	13,176	13,176	13,774	(598)
Public Health Services	1,730	1,730	1,808	(78)
General Government	121,795	121,795	127,321	(5,526)
<i>Total Disbursements</i>	<u>136,701</u>	<u>136,701</u>	<u>142,903</u>	<u>(6,202)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>137,270</u>	<u>137,270</u>	<u>103,162</u>	<u>(34,108)</u>
Other Financing Sources				
Transfers Out	(124,358)	(124,358)	(130,000)	(5,642)
<i>Total Other Financing Sources</i>	<u>(124,358)</u>	<u>(124,358)</u>	<u>(130,000)</u>	<u>(5,642)</u>
<i>Net Change in Fund Balance</i>	12,912	12,912	(26,838)	(39,750)
<i>Fund Balance Beginning of Year</i>	22,385	22,385	22,385	0
Prior Year Encumbrances Appropriated	8,954	8,954	8,954	0
<i>Fund Balance End of Year</i>	<u>\$44,251</u>	<u>\$44,251</u>	<u>\$4,501</u>	<u>(\$39,750)</u>

See accompanying notes to the basic financial statements

Village of Manchester, Ohio
Adams County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
EMS Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$134,669	\$134,669	\$154,549	\$19,880
Charges for Services	148,653	148,653	140,010	(8,643)
<i>Total Receipts</i>	<u>283,322</u>	<u>283,322</u>	<u>294,559</u>	<u>11,237</u>
Disbursements				
Current:				
Security of Persons and Property	281,022	281,022	275,796	5,226
Debt Service:				
Principal Retirement	15,781	15,781	15,488	293
Interest and Fiscal Charges	2,238	2,238	2,196	42
<i>Total Disbursements</i>	<u>299,041</u>	<u>299,041</u>	<u>293,480</u>	<u>5,561</u>
<i>Net Change in Fund Balance</i>	(15,719)	(15,719)	1,079	16,798
<i>Fund Balance Beginning of Year</i>	33,056	33,056	33,056	0
Prior Year Encumbrances Appropriated	15,709	15,709	15,709	0
<i>Fund Balance End of Year</i>	<u>\$33,046</u>	<u>\$33,046</u>	<u>\$49,844</u>	<u>\$16,798</u>

See accompanying notes to the basic financial statements

Village of Manchester, Ohio
Adams County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire Levy Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$39,700	\$39,700	\$40,682	\$982
Intergovernmental	17,462	17,462	19,882	2,420
Miscellaneous	1,609	1,609	1,832	223
<i>Total Receipts</i>	58,771	58,771	62,396	3,625
Disbursements				
Current:				
Security of Persons and Property	60,901	60,901	56,104	4,797
<i>Total Disbursements</i>	60,901	60,901	56,104	4,797
<i>Net Change in Fund Balance</i>	(2,130)	(2,130)	6,292	8,422
<i>Unencumbered Fund Balance Beginning of Year</i>	16,743	16,743	16,743	0
Prior Year Encumbrances Appropriated	2,130	2,130	2,130	0
<i>Unencumbered Fund Balance End of Year</i>	\$16,743	\$16,743	\$25,165	\$8,422

See accompanying notes to the basic financial statements

Village of Manchester, Ohio
Adams County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Police Levy Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property Taxes	\$39,700	\$39,700	\$40,682	\$982
Intergovernmental	428	428	8,437	8,009
Contributions and Donations	1,518	1,518	29,904	28,386
Miscellaneous	209	209	4,118	3,909
<i>Total Receipts</i>	<u>41,855</u>	<u>41,855</u>	<u>83,141</u>	<u>41,286</u>
Disbursements				
Current:				
Security of Persons and Property	160,488	160,488	192,896	(32,408)
Capital Outlay	29,252	29,252	35,159	(5,907)
<i>Total Disbursements</i>	<u>189,740</u>	<u>189,740</u>	<u>228,055</u>	<u>(38,315)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(147,885)</u>	<u>(147,885)</u>	<u>(144,914)</u>	<u>2,971</u>
Other Financing Sources				
Transfers In	6,345	6,345	125,000	118,655
<i>Net Change in Fund Balance</i>	(141,540)	(141,540)	(19,914)	121,626
<i>Unencumbered Fund Balance Beginning of Year</i>	(179)	(179)	(179)	0
Prior Year Encumbrances Appropriated	18,230	18,230	18,230	0
<i>Unencumbered Fund Balance End of Year</i>	<u>(\$123,489)</u>	<u>(\$123,489)</u>	<u>(\$1,863)</u>	<u>\$121,626</u>

See accompanying notes to the basic financial statements

Village of Manchester, Ohio
Adams County
Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2013

	Business-Type Activities			Total
	Water Operating	Sewer Operating	Storm Water Infrastructure	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$118,508	\$53,739	\$30,169	\$202,416
<i>Total Assets</i>	<u>\$118,508</u>	<u>\$53,739</u>	<u>\$30,169</u>	<u>\$202,416</u>
Net Position				
Unrestricted	\$118,508	\$53,739	\$30,169	202,416
<i>Total Net Position</i>	<u>\$118,508</u>	<u>\$53,739</u>	<u>\$30,169</u>	<u>\$202,416</u>

See accompanying notes to the basic financial statements

Village of Manchester, Ohio
Adams County
Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2013

	Business-Type Activities			Total
	Water Operating	Sewer Operating	Storm Water Infrastructure	
Operating Receipts				
Charges for Services	\$501,925	\$330,372	\$17,951	\$850,248
<i>Total Operating Receipts</i>	<u>501,925</u>	<u>330,372</u>	<u>17,951</u>	<u>850,248</u>
Operating Disbursements				
Personal Services	71,315	109,579	0	180,894
Employee Fringe Benefits	43,111	35,264	0	78,375
Operations and Maintenance	8,110	517	0	8,627
Contractual Services	79,156	6,337	16,052	101,545
Supplies and Materials	96,139	72,782	0	168,921
Other	<u>0</u>	<u>6,000</u>	<u>0</u>	<u>6,000</u>
<i>Total Operating Disbursements</i>	<u>297,831</u>	<u>230,479</u>	<u>16,052</u>	<u>544,362</u>
<i>Operating Income (Loss)</i>	<u>204,094</u>	<u>99,893</u>	<u>1,899</u>	<u>305,886</u>
Non-Operating Receipts (Disbursements)				
Proceeds of Loans	0	161,150	39,374	200,524
Special Assessments	34,816	0	0	34,816
Principal Retirement	(57,371)	(52,215)	(1,705)	(111,291)
Interest and Other Fiscal Charges	(38,402)	(33,900)	(867)	(73,169)
Capital Outlay	<u>(112,368)</u>	<u>(208,907)</u>	<u>(39,374)</u>	<u>(360,649)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(173,325)</u>	<u>(133,872)</u>	<u>(2,572)</u>	<u>(309,769)</u>
<i>Change in Net Position</i>	30,769	(33,979)	(673)	(3,883)
<i>Net Position Beginning of Year (Restated)</i>	<u>87,739</u>	<u>87,718</u>	<u>30,842</u>	<u>206,299</u>
<i>Net Position End of Year</i>	<u>\$118,508</u>	<u>\$53,739</u>	<u>\$30,169</u>	<u>\$202,416</u>

See accompanying notes to the basic financial statements

Village of Manchester, Ohio
Adams County
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Fund
December 31, 2013

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$852</u>
<i>Total Assets</i>	<u><u>852</u></u>
Net Position	
Held on Behalf of Others	<u>852</u>
<i>Total Net Position</i>	<u><u>\$852</u></u>

See accompanying notes to the basic financial statements

Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Note 1 – Reporting Entity

The Village of Manchester, Adams County, Ohio (the Village), is a body politic and corporate 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 six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water, sewer and storm water utilities, maintenance of Village streets and bridges, park operations, and police and fire services.

Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. The Village has no component units.

The Village participates in one shared risk pool, the Public Entities Pool of Ohio (PEP). This organization is presented in Note 14 of the basic financial statements.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in the "Basis of Accounting" section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America. Generally accepted accounting principles (GAAP) include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Position presents the cash balance of the governmental and business-type activities of the Village at year-end. The Statement of Activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as non-operating.

Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants), and other nonexchange transactions as governmental funds. The following are the Village's major governmental funds:

Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

General Fund – The General Fund is the operating fund of the Village and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

EMS Levy Fund – The EMS Fund accounts for and reports restricted monies received from Adams County, along with charges for services for providing emergency medical treatment to the citizens of the Village and surrounding areas.

Fire Levy Fund – The Fire Levy Fund accounts for and reports restricted property tax monies to provide fire protection for the Village.

Police Levy Fund – The Police Levy Fund accounts for and reports restricted property tax monies to provide police protection for the Village.

Debt Service Fund – The Debt Service Fund accounts for and reports restricted monies to make debt payments for the Village.

The other governmental funds of the Village account for grants and other resources whose use is restricted, committed or assigned to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds of the Village are enterprise funds.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the Water Operating, Sewer Operating and Storm Water Infrastructure Funds.

Water Operating Fund - The Water Operating Fund accounts for the provision of water to the residents and commercial users located within the Village.

Sewer Operating Fund - The Sewer Operating Fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Storm Water Infrastructure Fund – The Storm Water Infrastructure Fund accounts for the provision of storm water services to the residents and commercial users located within the Village.

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village has one agency fund which is used to account for money held for other governments, individuals and organizations for the distribution of mayor's court fines.

Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned, and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department and object level for all funds..

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2013, the Village invested in non-negotiable certificates of deposit.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2013 was \$860, which includes \$633 assigned from other Village funds.

Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

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

Interfund Receivables/Payables

The Village reports advances in and advances out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 11 and 12 the employer contributions include portions for pension benefits and for post-retirement health care benefits.

Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for street maintenance and repair, police protection services, fire protection services and emergency medical services.

Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted

The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource provides, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (Village ordinances).

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned

Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by Village

Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Council or a Village official delegated that authority by Village Charter or ordinance. State statute authorizes the Fiscal Officer to assign fund balance purchases on order provided such amounts have been lawfully approved.

Unassigned

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

Note 3 – Change in Accounting Principles

For 2013, the Village has implemented Governmental Accounting Standard Board (GASB) Statement No. 61, “The Financial Reporting Entity: Omnibus, an amendment of GASB 14 and 34.”

GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, the display of component units’ presentation and certain disclosure requirements. These changes were incorporated in the Village’s 2013 financial statements; however, there was no effect on beginning net position/fund balance.

Note 4 – Accountability and Compliance

The budgetary financial statements reflect amounts that ordinarily would result in noncompliance citations under Revised Code Chapter 5705. Since the Village is in fiscal emergency, however, its financial operations are restricted by the provisions of Chapter 118 rather than Chapter 5705. Citations to Chapter 5705 would therefore be presented only for funds which did not contribute to the Village being placed in fiscal emergency.

At December 31, 2013, the Community Youth Center – State Grant Fund had a deficit fund balance of \$20,186 contrary to Ohio Revised Code 5705.10. The General Fund will cover this deficit.

Contrary to Ohio Revised Code 5705.41(D), the Village had 35% of disbursements with an invoice dated after purchase order during the year ended December 31, 2013.

Contrary to Ohio Revised Code 5705.41(B) and 5705.40, budgetary expenditures exceeded appropriation authority in certain funds for the year ended December 31, 2013.

Contrary to Ohio Revised Code 5705.39 and 5705.36, certain funds had appropriations in excess of estimated resources for the year ended December 31, 2013.

Contrary to Ohio Revised Code Section 118.12, 2013 General Fund disbursements exceeded 85% of the respective prior year General Fund disbursements.

Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Note 5 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budgetary Basis) is presented for the General Fund and the EMS Fund, Fire Levy, Police Levy and Special Revenue Funds on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year-end encumbrances treated as cash disbursements (budgetary basis) rather than as reservations of fund balance (cash basis).

The encumbrances outstanding at year-end (budgetary basis) are detailed in the table below.

<u>Fund</u>	<u>12/31/13 Outstanding Encumbrance</u>
General	\$ 15,640
Emergency Medical Services	23,025
Fire Levy	1,004
Police Levy	15,452

Note 6 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Commercial paper and bankers acceptances, if trading requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above; and
7. The State Treasurer's investment pool (STAROhio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Deposits

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Note 7 – Income Taxes

The Village levies a 1.0 percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another Village or 100 percent of the 1.0 percent tax rate on taxable income. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

Note 8 – Property Taxes

Property taxes include amounts levied against all real property and public utility property located in the Village. Real property tax receipts received in 2013 for real and public utility property taxes represent the collection of 2012 taxes. Property tax payments received during 2013 for tangible personal property (other than public utility property) are for 2013 taxes.

Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

2013 real property taxes are levied after October 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values are established by State statute at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance 2014.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2013 public utility property taxes became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2014 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2013, was \$1.50 per \$1,000 of assessed value. The assessed values of real property and tangible personal property upon which 2013 property tax receipts were based are as follows:

Category	Assessed Value
Real Property:	
Agricultural/Residential	\$10,653,210
Commercial/Industrial	2,009,370
Tangible Personal Property:	
Public Utility Real	1,348,000
Total Property Taxes	\$14,010,580

Note 9 – Interfund Activity

Transfers made during the year ended December 31, 2013 were as follows:

		Transfer To		
		Police Levy Fund	Other Governmental Funds	Total
Transfer From	General Fund	\$125,000	5,000	\$130,000

Transfers were made from the General Fund to the Police Levy and Parks and Recreation Special Revenue Funds to support the operations.

Note 10 – Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio Local Governments. PEP provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (YORK), functions as the administrator of PEP and provides underwriting, claims loss control, risk management, and reinsurance services for PEP. PEP is a member of American Public Entity Excess Pool (APEEP), which is also administered by YORK. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles. Settlements have not exceeded coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

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

Note 11 – Defined Benefit Pension Plans

Ohio Public Employee Retirement System

Plan Description – The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10 percent. For the year ended December 31, 2013, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 12.0 percent and 12.6 percent, respectively. Effective January 1, 2014, the member contribution rates for law enforcement increased to 13 percent. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2013, member and employer contribution rates were consistent across all three plans.

The Village's 2013 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the Village's contribution was 18.10 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. For 2013, the portion of employer contribution allocated to health care was 1.0 percent for members in the Traditional Plan and the Combined Plan. Effective January 1, 2014, the portion of employer contributions allocated to health care increased to 2 percent. Employer contribution rates are actuarially determined.

The Village's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$32,443, \$30,478, and \$30,137, respectively; The full amount has been contributed for 2013, 2012 and 2011. There were no contributions made to the Member-Directed Plan during 2013.

Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Ohio Police and Fire Pension Fund

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – Employer and employee contribution rates are set by the Ohio Revised Code. From January 1, 2013 thru July 1, 2013, plan members were required to contribute 10.0 percent of their annual covered salary. From July 2, 2013, thru December 31, 2013, plan members were required to contribute 10.75 percent of their annual covered salary. Throughout 2013, employers were required to contribute 19.5 percent and 24.0 percent respectively for police officers and firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. For January, 1, 2013 thru May 31, 2013, the portion of employer contributions used to fund pension benefits was 14.81 percent of covered payroll for police officers and 19.31 percent of covered payroll for firefighters. For June 1, 2013 thru December 31, 2013, the portion of employer contributions used to fund pension benefits was 16.65 percent of covered payroll for police officers and 21.15 percent of covered payroll for firefighters. The Village has no firefighters who are members of OP&F. The Village's contributions to OP&F for police pensions were \$13,592 for the year ended December 31, 2013, \$7,246 for the year ended December 31, 2012, and \$5,637 for the year ended December 31, 2011. The full amount has been contributed for police for 2013, 2012 and 2011.

Note 12 – Post-Employment Benefits

Ohio Public Employee Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Village of Manchester, Adams County
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Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1.0 percent for 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1.0 percent for 2013.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Village’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$12,977, \$12,191, and \$12,055, respectively; 100.0 percent has been contributed for 2013, 2012 and 2011.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.0 percent of the employer contributions toward the health care fund after the end of the transition period.

Ohio Police and Fire Pension Fund

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long-term care to retirees, qualifying benefit recipients, and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For January 1, 2013 thru May 31, 2013, the employer contribution allocated to the health care plan was 4.69 percent of covered payroll. For June 1, 2013 thru December 31, 2013, the employer contribution allocated to the health care plan was 2.85 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The Village has no firefighters who are members of OP&F; therefore, OP&F covers police personnel only.

The Village's contributions to OP&F which were allocated to fund post-employment health care benefits for police were \$2,327 for the year ended December 31, 2013, \$3,836 for the year ended December 31, 2012, and \$2,984 for the year ended December 31, 2011. The full amount has been contributed for police for 2013, 2012 and 2011.

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Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Note 13 – Debt

The Village’s long-term debt activity for the year ended December 31, 2013, was as follows:

Types / Issues	Balance 12/31/2012	Issued	Retired	Balance 12/31/2013	Due Within One Year
Business-Type Activities					
<u>General Obligation Bonds</u>					
2002 Water System					
Improvement Bonds 5.25%	\$87,900	\$0	\$16,500	\$71,400	\$17,300
<u>Mortgage Revenue Bonds</u>					
Water Fund					
2004 USDA Rural					
Development Mortgage					
Revenue Bonds 4.375%	480,609	0	7,161	473,448	7,474
Sewer Fund					
1998 Sanitary Sewer					
System Mortgage Revenue					
Bonds Series A 4.50%	785,700	0	18,500	767,200	19,300
1998 Sanitary Sewer					
System Mortgage Revenue					
Bonds Series B 4.50%	101,200	0	17,600	83,600	18,400
Total Sewer Fund	886,900	0	36,100	850,800	37,700
Total Mortgage Revenue Bonds	1,367,509	0	43,261	1,324,248	45,174
<u>Other Long-Term Obligations</u>					
2004 OWDA Water Treatment					
and Wellfield Improvement					
Loan 1.50%	775,607	0	28,470	747,137	28,899
2010 OWDA Storm Sewer					
Replacement Loan 1.50%	117,573	0	3,397	114,176	3,449
2011 OWDA Storm Sewer					
Construction Loan 1.50%	184,735	0	3,548	181,187	5,229
2013 OWDA Sewer					
Collection System Loan 0%	0	161,150	16,115	145,035	16,115
2013 OWDA Phase 2 Storm					
Sewer Improvement Loan 1.50%	0	39,374	0	39,374	2,260
Total Loans	1,077,915	200,524	51,530	1,226,909	55,952
Total Business-Type Activities	\$2,533,324	\$200,524	\$111,291	\$2,622,557	\$118,426
<u>Governmental Activities</u>					
<u>Other Long-Term Obligation</u>					
2007 Fire Truck Loan 6.0%	\$74,000	\$0	\$36,000	\$38,000	\$38,000
2010 Ambulance Acquisition					
Notes 4.5%	48,586	0	15,488	33,098	16,185
Fire Station Bonds 3.5%	3,577	0	3,577	0	0
Total Governmental Activities	\$126,163	\$0	\$55,065	\$71,098	\$54,185

Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed an amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2013, were an overall debt margin of \$1,418,725 and an unvoted debt margin of \$718,196.

Following are summaries of the Village's Business-Type Activities future annual debt service requirements:

<i>Year</i>	<i>Business-Type Activities</i>					
	<i>Water Operating Fund</i>					
	<i>General Obligation Bonds</i>		<i>Mortgage Revenue Bonds</i>		<i>OWDA Loans</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2014	\$17,300	\$3,294	\$7,474	\$20,713	\$28,899	\$10,991
2015	18,200	2,362	7,801	20,386	29,334	10,554
2016	19,200	1,380	8,143	20,045	29,775	10,110
2017	16,700	438	8,499	19,689	30,224	9,660
2018	0	0	8,870	19,317	30,679	9,204
2019-2023	0	0	50,526	90,413	160,465	38,920
2024-2028	0	0	62,587	78,350	172,913	26,427
2029-2033	0	0	77,531	63,408	186,330	12,959
2034-2038	0	0	96,041	44,897	78,518	1,183
2039-2043	0	0	118,970	21,967	0	0
2,044	0	0	27,006	1,182	0	0
Totals	\$71,400	\$7,474	\$473,448	\$400,367	\$747,137	\$130,008

<i>Year</i>	<i>Business-Type Activities</i>		<i>Business-Type Activities</i>	
	<i>Sewer Operating Fund</i>		<i>Storm Water Infrastructure Fund</i>	
	<i>Mortgage Revenue Bonds</i>		<i>OWDA Loans</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2014	\$37,700	\$38,286	\$8,678	\$4,382
2015	39,500	36,589	8,809	4,251
2016	41,200	34,812	8,941	4,118
2017	43,100	32,958	9,075	3,985
2018	22,000	31,018	9,212	3,847
2019-2023	125,700	139,325	48,184	17,117
2024-2028	156,500	108,397	51,922	13,376
2029-2033	195,100	69,853	55,948	9,348
2034-2038	190,000	21,847	60,289	5,006
2039-2041	0	0	34,305	803
Totals	\$850,800	\$513,085	\$295,363	\$66,233

Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Following is the summary of the Village’s Governmental Activities future annual debt service requirements:

<i>Governmental Activities</i>				
<u>Year</u>	<u>Fire Truck Loan</u>		<u>Ambulance Acquisition Note</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$38,000	\$2,280	\$16,185	\$1,541
2015	0	0	16,913	775
Totals	<u>\$38,000</u>	<u>\$2,280</u>	<u>\$33,098</u>	<u>\$2,316</u>

On March 22, 2002, the Village issued \$217,000 in general obligation bonds for the purpose of retiring the Waterline Extension Bond Anticipation Notes and the Water System Bond Anticipation Notes. The 2002 Water System Improvement Bonds were issued for a 15 year period with final maturity on March 1, 2017. The bonds will be repaid from service fees collected in the Water Operating Fund.

The 2004 USDA Rural Development Mortgage Revenue Bonds were issued for \$523,000 for the purpose of paying the costs of constructing improvements to the Village’s water system. The bonds will be repaid over 39 years with service fees collected in the Water Operating Fund.

The 1998 Sanitary Sewer System Mortgage Revenue Bonds Series A were issued for \$975,000. The bonds were obtained for the purpose of paying the costs of constructing improvements to the Village’s sewer system. The bonds will be repaid over 40 years with service fees collected in the Sewer Operating Fund.

The 1998 Sanitary Sewer System Mortgage Revenue Bonds Series B was issued for \$300,000. The bonds were obtained for the purpose of paying the costs of constructing improvements to the Village’s sewer system. The bonds will be repaid over 40 years with service fees collected in the Sewer Operating Fund.

The 2004 OWDA Water Treatment and Wellfield Improvement Loan was issued for \$963,420. The loan was obtained for the purpose of paying the costs of constructing improvements to the Village’s water treatment plant and well field. A portion of this loan was used by OWDA to pay the 2002 OWDA Water Treatment Loan. The amount that OWDA applied to the 2002 loan was \$71,950. The loan will be repaid over 30 years from service fees collected in the Water Operating Fund.

The 2010 OWDA Storm Sewer Replacement Loan was issued for \$123,879. The loan was obtained for the purpose of paying costs of the replacement of storm sewers in the Village. The loan will be repaid over 30 years from service fees in the Water and Storm Water Infrastructure Fund.

The 2011 OWDA Storm Sewer Construction Loan was issued for \$190,685. The loan was obtained for the purpose of paying costs of construction of storm sewers in the Village. The loan will be repaid over 30 years from service fees in the Water and Storm Water Infrastructure Fund.

On March 1, 2007, the Village received a \$250,000 Fire Truck Loan, bearing interest at the rate of 6.0 percent per annum, payable semi-annually on June 1 and December 1 of each year, commencing on December 1, 2007. The loan was issued for the purpose of purchasing a new fire truck. The loan will be repaid over eight years with property tax receipts from the Debt Service Fund.

The 2010 Ambulance Acquisition Note was issued for \$77,589. The note was obtained to purchase an ambulance. The note will be repaid over 5 years from charges for services in the EMS special revenue fund.

Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

In 2012, the Village issued a \$6,500 Fire Station bond for the purpose of repairing the roof of the fire station. The bond was paid with property tax receipts from the Fire Levy special revenue fund and was paid in full during 2013.

In 2013, the Village issued a \$161,150 OWDA Sewer Collection System Loan for improvements to the sewer system. The loan will be repaid over 5 years from service fees in the Sewer Operating Fund; however, an amortization schedule was not available yet at this time.

In 2013, the Village issued a \$39,374 OWDA Sewer Improvement Loan for improvements to the sewer system. This loan will be repaid over 30 years from service fees in the Storm Water Infrastructure Fund; however, an amortization schedule is not available at this time.

The Village has pledged future receipts of operating disbursements to repay the 2004 OWDA loan in the Water Operating Fund. The debt is payable solely from net receipts through 2013. Annual principal payments on the debt issue are expected to require 16.52 percent of net revenues. Principal paid for the year and total net revenues available were \$33,710 and \$204,094, respectively.

The Village has pledged future receipts of operating disbursements to repay the 2013 OWDA loan in the Sewer Operating Fund. The debt is payable solely from net receipts through 2013. Annual principal payments on the debt issue are expected to require 16.13 percent of net revenues. Principal paid for the year and total net revenues available were \$16,115 and \$99,893, respectively.

The Village has pledged future receipts of operating disbursements to repay the remaining OWDA loans in the Storm Water Infrastructure Fund. The debt is payable solely from net receipts through 2013. Annual principal payments on the debt issue are expected to require 89.78 percent of net revenues. Principal paid for the year and total net revenues available were \$1,705 and \$1,899, respectively.

Note 14 – Shared Risk Pool

The Public Entities Pool of Ohio (PEP) is a statutory entity created pursuant to section 2744.081, of the Ohio Revised Code, by the execution of an intergovernmental contract (“Participation Agreements”). PEP enables the subscribing subdivisions to pool risk for property, liability and public officials’ liability. PEP has no employees, rather it is administrated through contracts with various professionals. Pursuant to a contract, the firm Accordia of Ohio administers PEP. PEP is a separate legal entity. PEP subcontracts certain self-insurance, administrative and claims functions to a “Pool Operator,” currently Crawford and Company. PEP has executed contracts with various professionals for actuary services, as independent auditors, as loss control representatives, as litigation management and defense law firms, as council to PEP and others as required.

PEP is governed by a seven member Board of Trustees elected by the members of PEP. The Village makes an annual contribution to PEP for the coverage it is provided, based on rates established by PEP. Financial information may be obtained by writing to the Public Entities Pool of Ohio, 229 Riverside Drive, Dayton, Ohio 45402.

Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Note 15 – Contingent Liabilities

Litigation

The Village is currently not party to any legal proceedings.

Federal and State Grants

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 16 - Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below.

Fund Balances	General	EMS Fund	Fire Levy Fund	Police Levy Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
<u>Restricted for:</u>							
Emergency Medical Services	\$0	\$72,869	\$0	\$0	\$0	\$0	\$72,869
Fire Services	0	0	26,169	0	26,174	0	52,343
Police Services	0	0	0	13,589	0	0	13,589
Law Enforcement	0	0	0	0	0	738	738
Enforcement and Education	0	0	0	0	0	3,455	3,455
Drug Law Enforcement	0	0	0	0	0	1,426	1,426
Parks and Recreation	0	0	0	0	0	3,372	3,372
Transportation	0	0	0	0	0	18,846	18,846
Computer Equipment	0	0	0	0	0	4,216	4,216
<i>Total Restricted</i>	0	72,869	26,169	13,589	26,174	32,053	170,854
<u>Assigned</u>	15,640	0	0	0	0	0	15,640
<u>Unassigned (Deficit)</u>	4,501	0	0	0	0	(20,186)	(15,685)
Total Fund Balances	<u>\$20,141</u>	<u>\$72,869</u>	<u>\$26,169</u>	<u>\$13,589</u>	<u>\$26,174</u>	<u>\$11,867</u>	<u>\$170,809</u>

Note 17 – Fiscal Emergency Determination

The Auditor of State of Ohio declared the Village of Manchester to be in a state of fiscal emergency on September 29, 1997, in accordance with Section 118.03 of the Ohio Revised Code. The declaration resulted in the establishment of a Financial Planning and Supervision Commission. The Commission is comprised of the Village Mayor, the Village Council President, the Adams County Auditor, a local resident and three State of Ohio representatives.

Village of Manchester, Adams County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2013

Note 18 – Prior Period Restatement

The Village changed its accounting basis from cash (regulatory basis) to the GASB-cash basis of accounting. It had the following effect on financial statement fund balances at January 1, 2013:

	<u>General</u>	<u>Debt Service Fund Type</u>	<u>Fire Levy Fund</u>	<u>Police Levy Fund</u>	<u>EMS Fund</u>	<u>Special Revenue Fund Type</u>	<u>Other Governmental Funds</u>
<u>Governmental:</u>							
December 31, 2012	\$ 31,339	\$ 40,869	\$ -	\$ -	\$ -	\$ 93,664	\$ -
Restatements	<u>-</u>	<u>-</u>	<u>18,873</u>	<u>18,051</u>	<u>48,765</u>	<u>(93,664)</u>	<u>7,975</u>
January 1, 2013	<u>\$ 31,339</u>	<u>\$ 40,869</u>	<u>\$ 18,873</u>	<u>\$ 18,051</u>	<u>\$ 48,765</u>	<u>\$ -</u>	<u>\$ 7,975</u>
	<u>Water Operating</u>	<u>Sewer Operating</u>	<u>Stormwater Infrastructure</u>	<u>Enterprise Fund</u>			
<u>Proprietary:</u>							
December 31, 2012	\$ -	\$ -	\$ -	\$ 206,299			
Restatements	<u>87,739</u>	<u>87,718</u>	<u>30,842</u>	<u>(206,299)</u>			
January 1, 2013	<u>\$ 87,739</u>	<u>\$ 87,718</u>	<u>\$ 30,842</u>	<u>\$ -</u>			



Julian & Grube, Inc.
Serving Ohio Local Governments

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**Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Required by *Government Auditing Standards***

Village of Manchester
Adams County
400 Pike Street
Manchester, Ohio 45144

To the Members of Village Council and Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Manchester, Adams County, Ohio, as of and for the years ended December 31, 2014 and December 31, 2013, and the related notes to the financial statements, which collectively comprise the Village of Manchester's basic financial statements and have issued our report thereon dated July 29, 2015, wherein we noted the Village of Manchester uses a special purpose framework other than generally accepted accounting principles. We also noted in Note 18, during 2013, the Village of Manchester elected to changes its financial presentation to a cash basis comparable to the requirements of *Governmental Accounting Standards*. As disclosed in Note 17, on September 29, 1997, the Village of Manchester was declared by the Auditor of State to be in a state of fiscal emergency.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village of Manchester's internal control over financial reporting to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village of Manchester's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings and responses 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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village of Manchester's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2014-001, 2014-009 and 2014-010 described in the accompanying schedule of findings and responses to be material weaknesses.

Members of Village Council and Mayor:
Village of Manchester

Compliance and Other Matters

As part of reasonably assuring whether the Village of Manchester’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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2014-002 through 2014-008.

Village of Manchester’s Responses to Findings

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village of Manchester’s internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village of Manchester’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
July 29, 2015

**VILLAGE OF MANCHESTER
ADAMS COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2014-001

Material Weakness - Financial Statement Presentation

Accurate financial reporting is required in order to provide management and the Council with objective and timely information to enable well-informed decisions.

The following audit adjustments were made to correct misstatements identified in the audit of the Village's financial statements:

For the Year Ended December 31, 2013:

- i. In the General Fund, property taxes were decreased by \$23,976 and intergovernmental receipts were decreased by \$1,773.
- ii. Intergovernmental receipts were decreased by \$88,534 and charges for services were increased by \$88,534 in the major fund: EMS Fund.
- iii. In the major fund: Fire Levy Fund, property taxes were increased by \$9,930, and intergovernmental receipts were decreased by \$2,473.
- iv. In the major fund: Police Levy Fund, property taxes were increased by \$9,930, and intergovernmental receipts were increased by \$1,401.
- v. Property taxes were increased by \$5,677, and intergovernmental receipts were decreased by \$1,414 in the other governmental funds: Fire Truck Debt Service Fund.
- vi. In the Water Operating Fund, special assessment receipts were increased by \$2,698.

For the Year Ended December 31, 2014:

- i. In the General Fund, property taxes decreased by \$481, and intergovernmental receipts were increased by \$1,524.
- ii. In the major fund: EMS Fund, intergovernmental receipts were decreased by \$128,801, and charges for services were increased by \$128,801.
- iii. In the major fund: Fire Levy Fund, property taxes were decreased by \$3,153, and intergovernmental receipts were increased by \$2,731.
- iv. In the major fund: Policy Levy Fund, property taxes were decreased by \$3,133 and intergovernmental receipts were increased by \$2,733.
- v. Property taxes were increased by \$29, and intergovernmental receipts were decreased by \$250 in the other governmental funds: Fire Debt Service Fund.

**VILLAGE OF MANCHESTER
ADAMS COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2014-001 - (Continued)

The Village’s financial statements and cash fund balances in the Village’s records have been adjusted to reflect these adjustments.

In general, an accounting and information system should be designed to provide management with accurate and timely information to enable well-informed business decisions to be made. The present system lacks fiscal oversight and approvals and fails to meet the above expectations.

We recommend the Village consult with their auditors, the Village Handbook, and the Auditor of State to help ensure accurate financial reporting.

Client Response: The Fiscal Officer will work to provide a sound fiscal environment for the Village and has implemented policies and procedures to help with financial statement presentation.

Finding Number	2014-002
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Ohio Revised Code Section 5705.41 (D) requires that no orders or contracts involving the disbursement of monies are to be made unless there is certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The Village had 26% and 35% of disbursements tested with an invoice that was dated prior to the purchase order during 2014 and 2013, respectively, thus causing those disbursements not to be certified in a timely manner.

Without proper certification the Village may expend more funds than available in the treasury or in the process of collection, or than funds appropriated. It may also result in unnecessary or undesirable purchases.

We recommend that all orders or contracts involving the disbursement of money be timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. The Village should consider using “Then” and “Now” certificates where applicable.

Client Response: It is in the intent of the Village to improve compliance by more closely following as described in the finding to ensure prior certification for exceptions to ORC 5704.41 (D) and, when necessary, to have Council approved payments by resolution.

Finding Number	2014-003
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Ohio Revised Code Sections 5705.36, in part, requires Fiscal Officers to certify to the County Auditor the total amount from all sources which are available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

**VILLAGE OF MANCHESTER
ADAMS COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2014-003 - (Continued)

During the years ended December 31, 2014 and 2013 the Village's appropriations exceeded its estimated resources.

The Village had appropriations exceeding its resources which could lead to spending monies not collected or expected to be collected, and thus could lead to a negative fund balance.

We recommend the Village first evaluate its certified estimated resources prior to modifying/approving appropriations to ensure appropriations are less than or equal to certified estimated resources.

Client Response: The Village will attempt to monitor its estimated revenues and appropriations more closely and will request amended certificates as needed.

Finding Number	2014-004
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Ohio Revised Code Section 5705.39 in part requires that total appropriations from each fund should not exceed total estimated resources.

The Village had appropriations in excess of estimated resources at December 31, 2014 and 2013 in the following funds:

	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>December 31, 2014</u>			
<u>Major Fund:</u>			
Police Levy	\$ 169,437	\$ 276,800	\$ 107,363
 <u>Other Governmental Fund:</u>			
Fire Truck Debt Fund	\$ 33,111	\$ 42,780	\$ 9,669
 <u>December 31, 2013</u>			
<u>Major Fund:</u>			
Police Levy	\$ 48,021	\$ 171,510	\$ 123,489
 <u>Other Governmental Fund:</u>			
State Grant - Community Youth Center	\$ (20,186)	\$ -	\$ 20,186

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, over appropriating may cause disbursements to increase and cause a deficit fund balance.

We recommend the Village comply with the Ohio Revised Code by monitoring appropriations so they do not exceed estimated resources. This may be achieved by monitoring the budget more closely on a continual basis and amending estimated resources or appropriations as necessary.

**VILLAGE OF MANCHESTER
ADAMS COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2014-004 - (Continued)

Client Response: The Fiscal Officer will attempt to update estimated revenues on a more timely basis.

Finding Number	2014-005
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Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires that any amendments to an appropriation measure be made by Council resolution and comply with the same provisions of the law as used in making the original appropriations.

Adjustments to the budget were made in the Village’s system without proper Council approval. Due to these unapproved and unallowable adjustments, disbursements exceeded appropriations in the Street Construction Maintenance & Repair fund, the Parks and Recreation fund, the Drug Law Enforcement fund, the EMS fund, the Fire Levy fund, and the Storm Water Infrastructure fund in 2014. In 2013, disbursements exceeded appropriations in the Street Maintenance & Repair fund, the Police Levy fund, the Water Operating fund, the Sewer Operating fund, and the Storm Water Infrastructure fund due to similar unapproved and unallowable adjustments.

By not timely and properly modifying the Village’s appropriations, the Village is not adequately monitoring appropriations versus disbursements. With disbursements exceeding appropriations, overspending may occur which may result in a negative fund balance.

We recommend that the Village comply with Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring disbursements so they do not exceed lawful appropriations. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary, subsequent to the passage of permanent appropriations.

Client Response: The Village is aware of the requirement for Council approval and is currently implementing additional policies and procedures to have all supplemental appropriations properly approved prior to including in the Village UAN computer system.

**VILLAGE OF MANCHESTER
ADAMS COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2014-006

Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated.

The Village had disbursements exceeding appropriations at December 31, 2014 and 2013 in the following funds:

	<u>Appropriations</u>	<u>Disbursements</u>	<u>Excess</u>
<u>December 31, 2014</u>			
<u>Major Governmental Funds:</u>			
EMS	\$ 301,880	\$ 325,409	\$ 23,529
Fire Levy	59,175	67,090	7,915
 <u>Other Governmental Funds:</u>			
Street Construction Maintenance & Repair	82,055	82,752	697
Parks and Recreation	-	8,970	8,970
Drug Law Enforcement	-	2,602	2,602
 <u>Proprietary Funds:</u>			
Storm Water Infrastructure	16,788	65,238	48,450
 <u>December 31, 2013</u>			
<u>Major Governmental Fund:</u>			
Police Levy	189,740	228,055	38,315
 <u>Other Governmental Funds:</u>			
Street Construction Maintenance & Repair	80,523	93,119	12,596
 <u>Proprietary Funds:</u>			
Water Operating	496,633	529,692	33,059
Sewer Operating	440,371	553,140	112,769
Storm Water Infrastructure	16,788	57,998	41,210

Disclosure is presented at the fund level due to the practicality of at the legal level.

With disbursements exceeding appropriations, the Village is expending monies that have not been appropriated and approved by the Village Council. This may result in unnecessary purchases or overspending which may lead to a fund deficit.

We recommend that the Village comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring disbursements so they do not exceed lawful appropriations and amending the budget prior to year-end. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary, subsequent to the passage of permanent appropriations.

**VILLAGE OF MANCHESTER
ADAMS COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2014-006 - (Continued)

Client Response: The Village is actively seeking to resolve this.

Finding Number	2014-007
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Ohio Revised Code Section 118.12 outlines the requirements if an entity fails to submit a financial plan, specifically that if a plan is not submitted, then disbursements from the general fund may not exceed 85% of disbursements from the general fund for the preceding year, until the Commission has authorized a higher percent.

2013 General fund disbursements were 112% of prior year General fund disbursements and 2014 General fund disbursements were 113% of 2013 General fund disbursements; and there was no evidence provided that the Commission authorized a percent greater than the 85% listed in the statute.

Without abiding by the requirements, the Village risks remaining under fiscal emergency and not increasing their fiscal sustainability.

We recommend the Village contact the Commission members and actively pursue obtaining an approved financial plan and/or carefully monitor its disbursements to ensure they don't exceed the 85% limit, unless they have Commission approval.

Client Response: The Village Council will contact the Commission members and the Ohio Auditor of State local region to discuss the adoption of an acceptable plan. The Village Council Fiscal Officer will attempt to monitor disbursements more closely to ensure they do not exceed the 85% requirement of the prior year unless approval is obtained from the Commission.

Finding Number	2014-008
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Ohio Revised Code Section 5705.10 in part requires that on a cash basis, no fund shall have a negative fund balance during the year or at year end.

At December 31, 2013, the Village had the following negative fund balance:

<u>Other Governmental Fund</u>	<u>Amount</u>
State Grant - Community Youth Center	\$ 20,186

By having a negative fund balance, this fund has spent other funds' balances. This could indicate insufficient monitoring of appropriations and related expenditures and continual review of cash management. No fund should have a negative cash fund balance throughout the year or at year end.

**VILLAGE OF MANCHESTER
ADAMS COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2014-008 - (Continued)

We recommend that the Village properly expend monies only after funds have been received and subsequent to proper appropriation. If funds are anticipated, but not yet received and expenditures are necessary, the Village should advance or transfer funds from the General Fund with proper Council approval. We recommend the Village utilize its accounting software program to its fullest and continually review relevant reports to assist in preventing negative fund balances.

Client Response: The Village in the future will advance monies from the General fund if necessary to cover temporary fund deficits.

Finding Number	2014-009
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Material Weakness – Payroll Internal Controls – Record Keeping

Accurate record keeping is important in order for the Village to properly substantiate their records, transactions and ultimately the financial statements.

The Village has a Personnel Policies and Procedures manual in place for all employees to both inform the employees of their rights and expectations as well as assist management in treatment of certain rules and objectives. Although it appears the Village uses the manual in their everyday operations, we noted during the audit that certain payroll time cards were not consistently placed in folders for record keeping or for easily auditable purposes. We also noted the Village did not utilize its computer software to automate the accrual of vacation, sick and comp time for employees. The Village tracked these amounts for the employees manually, however the manual system was not timely updated.

By not having adequate internal controls for payroll record keeping and properly tracking of leave time, the Village increases its risk of not properly paying an employee the correct wages for time worked or for discrepancies in leave time.

We recommend the Village adopt a more orderly filing system to maintain timecards and other payroll records in an easily auditable format. We further recommend the Village incorporate an automated system to account for employees accrued benefit time which would also include the supporting documents maintained in an easily auditable format/system.

Client Response: The Village is now utilizing its software to keep track of sick days, vacation days, comp time and holidays.

**VILLAGE OF MANCHESTER
ADAMS COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2014-010

Material Weakness - Utility Billing Cash Drawer Reconciliation and Board of Public Affairs Clearing Account

Properly accounting for and reconciling any bank accounts and cash drawers helps mitigate the inherently risky nature of cash transactions.

Utility Billing Cash Drawer Reconciliation

The Village has a utility billing department where citizens can come in and pay their respective bills using different forms of payment, including cash. Currently the Village does not perform beginning and ending reconciliations on this department drawer to a preapproved set dollar amount on a daily basis.

By not counting down this department drawer to a preapproved set dollar amount on a daily basis, it could hinder the Village's ability to reconcile receipts collected per the utility billing system to the actual receipts collected.

We recommend the Village develop additional policies or procedures to establish the amount the cash drawer should have at the beginning of each day as well as reconcile the drawer at the end of the day. We would also recommend this reconciliation be reviewed and approved by the Village Fiscal Officer or a supervisor.

Board of Public Affairs Clearing Account

The Village maintains a Board of Public Affairs bank account that utility deposits are collected into and then subsequently paid into the Village regular bank account and recorded in the Village UAN financial accounting system. This bank account currently is not reconciled to a zero or a minimum balance on a monthly basis.

By not reconciling this bank account to a zero or a minimum balance, all collected funds are potentially not transferred to the Village in a timely manner to be used for disbursements when necessary.

We recommend the Village develop additional procedures to (1) reconcile the Board of Public Affairs Clearing bank account with the Village's utility billing system and UAN financial accounting system; (2) reconcile this account monthly to a zero or a minimum balance; (3) determine if there are any excess amounts held in the Board of Public Affairs Clearing bank account on a consistent basis and (4) obtain approval from the Board of Public Affairs Public Clearing for the disposition of any excess.

Client Response: The Village has implemented a procedure for the water clerk to count down her drawer each day. It is counted with another person present. Two people are required to sign off on the balance sheet. The clerk will keep all balance sheets. The Village is currently working with Local Government Services in regards to the Board of Public Affairs Clearing bank account to implement these additional procedures and expect to have this issue resolved for the 2016 year end report.

**VILLAGE OF MANCHESTER
ADAMS COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2012-VOM-001	<u>Material Weakness - Financial Statement Presentation</u> - Audit adjustments were made to correct misstatements identified in the audit of the Village's financial statements.	No	Repeated as finding 2014-001
2012-VOM-002	Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the disbursement of monies are to be made unless there is certificate of the Fiscal Officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. The Village had 24% of disbursements in non-compliance in 2012 and 2011.	No	Repeated as finding 2014-002
2012-VOM-003	Ohio Revised Code Section 5705.36 requires Fiscal Officers to certify to the County Auditor the total amount from all sources which are available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year. The Village had appropriations exceed its estimated resources during 2012.	No	Repeated as finding 2014-003
2012-VOM-004	Ohio Revised Code Section 5705.39 requires that total appropriations from each fund should not exceed total estimated resources. The Village had appropriations exceed its estimated resources during 2012.	No	Repeated as finding 2014-004
2012-VOM-005	Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires that any amendments to an appropriation measure be made by Council resolution and comply with the same provisions of the law as used in making the original appropriations. In 2012 and 2011, the Village included unapproved and unallowable adjustments to its appropriations in the computer system causing disbursements to exceed appropriations.	No	Repeated as finding 2014-005
2012-VOM-006	Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated. In 2012 and 2011, the Village had disbursements exceeding appropriations.	No	Repeated as finding 2014-006

**VILLAGE OF MANCHESTER
ADAMS COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or <u>Finding No Longer Valid</u>; <i>Explain</i>:
2012-VOM-007	<u>Material Weakness - Severance</u> - The policy provided for severance payout was never formally adopted by Village Council. During 2012, the Village made severance payments that appeared to be in excess of policy.	Yes	N/A
2012-VOM-008	Ohio Revised Code Section 118.12 outlines the requirements if an entity fails to submit a financial plan, specifically that if a plan is not submitted, then disbursements from the general fund may not exceed 85% of disbursements from the general fund for the preceding year, until the Commission has authorized a higher percent. In 2011 and 2012, disbursements exceeded the 85% without Commissions approval.	No	Repeated as finding 2014-007
2012-VOM-009	Ohio Revised Code Section 5705.10 requires that on a cash basis, no fund shall have a negative fund balance during the year or at year end. The Village had several funds with negative balances at December 31, 2012 and 2011.	No	Repeated as finding 2014-008



Dave Yost • Auditor of State

VILLAGE OF MANCHESTER

ADAMS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 23, 2016**