



**Dave Yost • Auditor of State**

**Village of West Mansfield  
Logan County**

**Financial Emergency Termination**

**Local Government Services**



Village of West Mansfield, Logan County

Fiscal Emergency Termination

Table of Contents

Certification..... 1

Report on the Village of West Mansfield  
Fiscal Emergency Termination..... 3

Section 1 - Financial Accounting and Reporting System ..... 4

Section 2 - Correction of Fiscal Emergency Conditions and Current Existence  
of Fiscal Emergency Conditions..... 8

Section 3 - Financial Plan Objectives..... 12

Section 4 - Financial Forecast ..... 12

Disclaimer ..... 12

Appendix A  
Village of West Mansfield Financial Forecast  
For the Years Ending December 31, 2017 Through December 31, 2021

This page intentionally left blank



# Dave Yost • Auditor of State

## CERTIFICATION

Pursuant to a request sent to the Auditor of State by the Financial Planning and Supervision Commission for the Village of West Mansfield, the Auditor of State performed an analysis of the Village of West Mansfield to determine whether the Commission and its functions under Chapter 118 of the Ohio Revised Code should be terminated. Based on the analysis, the Auditor of State certifies, as required by Section 118.27 of the Revised Code, that the Village of West Mansfield no longer meets the fiscal emergency conditions determined pursuant to Section 118.03 of the Revised Code, that the objectives of the financial recovery plan are being met, that an effective financial accounting and reporting system in accordance with Section 118.10 of the Revised Code has been implemented, and that Management has prepared a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State and an opinion has been rendered by the Auditor of State that the financial forecast is considered to be nonadverse. Therefore, the existence of the Financial Planning and Supervision Commission of the Village of West Mansfield and its role in the operation of the Village of West Mansfield is terminated as of December 11, 2017.

Accordingly, on behalf of the Auditor of State, this report is hereby submitted to Kim Kerns, Mayor of the Village of West Mansfield; Edward Kise, President Pro-Tempore of Village Council; John Kasich, Governor; John Husted, Secretary of State; Timothy Keen, Director of the Office of Budget and Management; Josh Mandel, Treasurer of State; and Michael Yoder, Logan County Auditor.

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

Dave Yost  
Auditor of State

December 11, 2017

This page intentionally left blank

Village of West Mansfield, Logan County  
Report on the Village of West Mansfield  
Fiscal Emergency Termination

---

**Report on the Termination of the West Mansfield Financial Planning and Supervision Commission**

At the request of the Village of West Mansfield Financial Planning and Supervision Commission (the Commission), Logan County, Ohio, as provided by Section 118.27(B) of the Ohio Revised Code, the Auditor of State has performed an analysis in order to determine whether the Commission and its functions under Chapter 118 should be terminated.

Guidelines for performing such an analysis are set forth in Section 118.27(A) of the Revised Code, which states that:

“A Financial Planning and Supervision Commission with respect to a municipality...and its functions under this chapter shall continue in existence until such time as a determination is made pursuant to division (B) of this section that the municipality...has done all of the following: (1) planned, and is in the process of good faith implementation of, an effective financial accounting and reporting system in accordance with Section 118.10 of the Revised Code, and it is reasonably expected that such implementation will be completed within two years; (2) corrected and eliminated or has planned and is in the process of good faith implementation of correcting and eliminating all the fiscal emergency conditions determined pursuant to Section 118.04 of the Revised Code, and no new emergency conditions have occurred...; (3) met the objectives of the financial plan described in Section 118.06 of the Revised Code; and (4) the municipal corporation...prepares a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State...”.

Results of our work under Section 118.27(A) of the Revised Code are as follows:

Pages four through seven of the report indicate that the Village has effectively implemented a financial accounting and reporting system in accordance with Section 118.10(A) of the Revised Code.

All fiscal emergency conditions have been corrected and eliminated and no new fiscal emergency conditions exist under Section 118.04 of the Revised Code. This analysis can be found beginning on page eight.

We have reviewed the objectives of the financial plan and determined that the Village has met the objectives in accordance with Section 118.06 of the Revised Code. Specific conclusions can be found on page eleven.

We examined and issued a nonadverse report on the five-year forecast prepared by the Village. The forecast and our report can be found in Appendix A.

Based on this analysis, the Auditor of State’s Office has determined that the Financial Planning and Supervision Commission and its functions may be terminated.

It is understood that this report’s determination is for the use of the Financial Planning and Supervision Commission of the Village of West Mansfield, the Auditor of State of Ohio, the Governor of Ohio, the Mayor of the Village of West Mansfield, and others as designated by the Auditor of State and is not to be used for any other purpose. Our procedures and findings follow.

Village of West Mansfield, Logan County  
Report on the Village of West Mansfield  
Fiscal Emergency Termination

---

**Section 1 - Financial Accounting and Reporting System**

When a Village is placed in fiscal emergency, the Auditor of State is required to report on the effectiveness of the Village's financial accounting and reporting system. The Auditor of State, in accordance with Section 118.10(A) of the Revised Code, assessed the methods, accuracy, and legality of the accounts, records, files, and reports of the Village of West Mansfield (the Village) and issued a Report on Accounting Methods, dated March 26, 2013. The report identified areas where the Village's financial accounting and reporting system were not in compliance with Section 117.43 of the Revised Code and the requirements of the Auditor of State.

The criteria for termination from fiscal emergency include a determination by the Auditor of State that an effective financial accounting and reporting system has been implemented, or is in the process of implementation, and is expected to be completed within two years. This determination is based on management providing a summary of the actions taken to address the issues identified in the Report on Accounting Methods. We confirmed whether the actions taken by management were sufficient to correct the issues identified in the Report on Accounting Methods. A summary of each area of noncompliance identified in the Report on Accounting Methods and the status of each corrective action is presented below:

**Budgetary System**

Auditor of State Comment from Report on Accounting Methods

The Village had deficit fund balances contrary to Section 5705.10 of the Revised Code. The Village Fiscal Officer, as well as Council, must review the financial and budgetary activity to ensure compliance with Ohio budgetary law. This review should be ongoing and documented.

Implemented

The Village has eliminated all deficit fund balances. Village Council is presented with the cash summary by fund, the revenue status, and the appropriation status reports each month.

**Purchasing Process**

Auditor of State Comment from Report on Accounting Methods

The Village does not require new vendors to submit information before a purchase order is completed. The Village should not issue purchase orders to a vendor until all appropriate information about the vendor is received, including an IRS Form W-9.

Implemented

The Village requires all new vendors to submit required information before a purchase order is completed, including an IRS form W-9.



Village of West Mansfield, Logan County  
Report on the Village of West Mansfield  
Fiscal Emergency Termination

---

Auditor of State Comment from Report on Accounting Methods

The Ohio Administrative Code requires purchase orders to be used to initiate purchase commitments and to encumber funds against the applicable appropriation accounts. Purchases should be certified indicating sufficient unencumbered appropriations exist prior to the purchase of goods or services.

Implemented

The Village is utilizing purchase orders to encumber funds against applicable appropriation accounts prior to a purchase. Purchase orders are certified by the Fiscal Officer prior to the order for goods and services being placed.

Auditor of State Comment from Report on Accounting Methods

The Village does not have an appropriate preapproval process in place to initiate a purchase. Documented approvals do not occur until the time the invoice needs to be paid. All purchases should be approved by the Mayor and certified by the Fiscal Officer prior to the order for goods or services being placed.

Implemented

The Mayor approves all purchase orders which are certified by the Fiscal Officer prior to the order for goods or services being placed.

Auditor of State Comment from Report on Accounting Methods

The Fiscal Officer does not utilize a Then and Now Certificate when purchases are made without prior approval and certification. Purchase orders may be certified at the time of payment but the certification must indicate that, both at the time the order was placed and at the current time (time of payment), a sufficient sum was appropriated and is in the treasury or in the process of collection. Then and Now Certificates for amounts in excess of \$3,000 must be approved by Village Council resolution within thirty days.

Implemented

The Fiscal Officer generally uses regular or blanket purchase orders; however, then and now certificates are used when necessary.

Auditor of State Comment from Report on Accounting Methods

The Village currently utilizes blanket purchase orders; however, the Village Council has not established the amounts for blanket purchase orders by resolution.

Implemented

Village Council passed an ordinance on February 13, 2017. Purchase orders from accounts with total annual appropriations of \$2,000 or more have a limit of 18 percent of the total annual appropriations that can be used to pay a single purchase. Purchase orders from accounts with total annual appropriations of less than \$2,000 are limited to \$300.

Village of West Mansfield, Logan County  
Report on the Village of West Mansfield  
Fiscal Emergency Termination

---

**Payroll Processing**

Auditor of State Comment from Report on Accounting Methods

Section 731.13 of the Revised Code requires the legislative authority to set the compensation of all officers, clerks, and employees of the Village. Village Council should set the pay rates of all employees by ordinance.

Implemented

Village Council passed an ordinance on January 9, 2017, to establish compensation rates for all officers, clerks, and employees of the Village.

Auditor of State Comment from Report on Accounting Methods

The Fiscal Officer is not maintaining adequate records and supporting documentation for the information provided to various reporting agencies, such as the IRS and OPERS. Copies of the Form 941's as well as the confirmation of deposits should be kept in a file by year. Copies of the Monthly Report of Retirement Contributions to OPERS and the corresponding confirmations of payment should also be kept in a file by year. Similar information must be maintained on employee withholdings for all other reporting agencies, such as the Ohio Department of Taxation for State income tax and/or school district income tax withholdings, etc.

Implemented

The Fiscal Officer has updated all applicable personnel files and is maintaining adequate records and supporting documentation.

Auditor of State Comment from Report on Accounting Methods

The Fiscal Office is not maintaining adequate personnel files. A file must be maintained for each individual including such information as the Form W-4, Form IT-4, and OPERS Personal History Record, as well as pay rate information.

Implemented

The Fiscal Officer has updated all applicable personnel files and is maintaining adequate records and supporting documentation.

Auditor of State Comment from Report on Accounting Methods

Payroll checks, which have not been distributed directly to the individual, are left in an unsecured central office location. Payroll checks must be kept in a safe or locked filing cabinet until they can be distributed directly to the individual or they should be placed in the mail to the individual.

Implemented

The Village locks all checks in the utility clerk's desk and access is limited to the Fiscal Officer and the utility clerk.

Village of West Mansfield, Logan County  
Report on the Village of West Mansfield  
Fiscal Emergency Termination

---

**Inventory of Capital Assets**

Auditor of State Comment from Report on Accounting Methods

The Village does not maintain an inventory of capital assets. Without an inventory of capital assets, the Village is unable to determine if there is adequate insurance coverage, whether assets have been lost or stolen, whether idle assets exist that can be sold to generate additional revenue, and whether assets are used in the most efficient manner. The Village should develop an inventory of all capital assets and update it annually. The Village should adopt policies and procedures to account for capital assets and develop an inventory of all capital assets.

Implemented

The Village has adopted a capital asset policy and prepared an inventory of all property, buildings, and equipment.

**Cash Management and Investing**

Auditor of State Comment from Report on Accounting Methods

The Fiscal Officer does not attend annual training provided by the State Treasurer's Office for investments. The Fiscal Officer is exempt from this training if the Village has no investments and the Fiscal Officer files an exemption form. The form has not been filed.

Implemented

The Fiscal Officer has filed the exemption form with the State Treasurer's office.

**Recording Official Proceedings**

Auditor of State Comment from Report on Accounting Methods

The Village has not established rules for the retention and disposal of records as required by section 149.39 of the Revised Code.

Implemented

The Village Council, by resolution, has adopted rules for records retention and disposal. The resolution was approved by Village Council on March 8, 2017. The records retention policy is available and on display at the Village offices.

**Audit Report**

The Village Council and Officials receive a compliance and management letter at the conclusion of each annual audit. The audit for the period ended December 31, 2015, and 2014, identified no noncompliance issues.

Village of West Mansfield, Logan County  
 Report on the Village of West Mansfield  
 Fiscal Emergency Termination

---

**Section 2 - Correction of Fiscal Emergency Conditions and Current Existence of Fiscal Emergency Conditions**

Under Section 118.27(A)(2) of the Ohio Revised Code, the Village shall have corrected or eliminated or have planned and be in the process of good faith implementation of actions to correct and eliminate all of the fiscal emergency conditions that existed when declared in fiscal emergency and no new fiscal emergency conditions have occurred in order to be terminated from fiscal emergency. Our analysis of the six fiscal emergency conditions described in Section 118 of the Revised Code is presented below:

**Condition One - Default on Any Debt Obligation**

Section 118.03(A)(1) of the Revised Code defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under Section 118.04 of the Revised Code, of a default on any debt obligation for more than thirty days.

A summary of the Village's outstanding debt as of August 31, 2017, is as follows:

Debt Issue	Interest Rate	Year Issued	Issue Amount
<u>Mortgage Revenue Bonds</u>			
Sewer System Mortgage Revenue Bonds	5.00%	1997	\$1,669,000
<u>Loans Payable</u>			
OWDA - Water Project	2.00	2005	1,618,424
OWDA - Well Protection	0.50	2016	75,417
OWDA - Sewer Project	5.86	1997	141,548
OWDA - Lime Sludge Storage Facility	0.57	2015	225,326
OPWC - Water Treatment Plant Improvements	0.00	2003	49,999
OPWC - Well Construction	0.00	2012	21,195

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(1) of the Revised Code. The Village had not defaulted on any of its debt obligations for more than thirty days as of August 31, 2017.

**Condition Two - Payment of All Payroll**

Section 118.03(A)(2) of the Revised Code defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under Section 118.04 of the Revised Code, of a failure for lack of cash in the funds to make payment of all payroll to employees of the municipal corporation in the amounts and at the times required by laws, ordinances, resolutions, or agreements, which failure of payment has continued:

- a. For more than thirty days after such time for payment, or
- b. Beyond a period of extension, or beyond the expiration of ninety days from the original time for payment, whichever first occurs, if the time for payment has been extended for more than thirty days by the written consent of at least two-thirds of the employees affected by such failure to pay, acting individually or by their duly authorized representatives.

Village of West Mansfield, Logan County  
Report on the Village of West Mansfield  
Fiscal Emergency Termination

---

We obtained an understanding of the payroll process through discussion with the Fiscal Officer. We obtained payroll reports and pay rate legislation. We reviewed bank statements to determine whether Village employees were paid within the time specified by Sections 118.03(A)(2)(a) and (b) of the Revised Code. We determined that adequate cash was in the bank account and fund balances to cover payroll.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(2) of the Revised Code as of August 31, 2017. All employees have been paid in amounts and at the times required by ordinance.

**Condition Three - Increase in Minimum Tax Levy**

Section 118.03(A)(3) of the Revised Code defines a fiscal emergency condition as:

An increase, by action of the county budget commission pursuant to division (D) of Section 5705.31 of the Revised Code, in the minimum levy of the municipal corporation for the current or next fiscal year which results in a reduction in the minimum levies for one or more other subdivisions or taxing districts.

We confirmed with the Logan County Budget Commission whether there had been an increase, pursuant to division (D) of Section 5705.31 of the Revised Code, in the minimum levy of the Village for 2017 which resulted in a reduction in the minimum levies for one or more other subdivisions or taxing districts. The confirmation received from the Logan County Budget Commission indicated that the Commission had not taken any action for tax year 2017 to increase the inside millage of the Village.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(3) of the Revised Code as of August 31, 2017.

**Condition Four - Past Due Accounts Payable from the General Fund and all Funds**

Section 118.03(A)(4) of the Revised Code defines a fiscal emergency condition as:

The existence of a condition in which all accounts that, at the end of its preceding fiscal year, were due and payable from the general fund and that either had been due and payable at least thirty days at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, including, but not limited to, final judgments, fringe benefits payments due and payable, and amounts due and payable to persons and other governmental entities and including any interest and penalties thereon, less the year end balance in the general fund, exceeded one-sixth of the general fund budget for the year, or in which all accounts that, at the end of its preceding fiscal year, were due and payable from all funds of the municipal corporation and that either had been due and payable for at least thirty days as at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, less the year end balance in the general fund and in respective special funds lawfully available to pay such accounts, exceeded one-sixth of the available revenues during the preceding fiscal year, excluding nonrecurring receipts, of the general fund and of all special funds from which such accounts lawfully are payable.

Village of West Mansfield, Logan County  
Report on the Village of West Mansfield  
Fiscal Emergency Termination

---

We prepared a schedule of accounts payable as of December 31, 2016, for all funds that were due and payable for at least thirty days or to which a penalty had been added for failure to pay as of December 31, 2016, including, but not limited to, final judgments, fringe benefits payments due and payable, and amounts due and payable to persons and other governmental entities including any interest and penalties. There were no payables over thirty days past due in any fund.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(4) of the Revised Code as of December 31, 2016. There were no payables over thirty days past due.

**Condition Five - Deficit Fund Balances**

Section 118.03(A)(5) of the Revised Code defines a fiscal emergency condition as:

The existence of a condition in which the aggregate of deficit amounts of all deficit funds at the end of its preceding fiscal year, less the total of any year end balance in the general fund and in any special fund that may be transferred as provided in Section 5705.14 of the Revised Code to meet such deficit, exceeded one-sixth of the total of the general fund budget for that year and the receipts to those deficit funds during that year other than from transfers from the general fund.

We computed the adjusted aggregate sum of all deficit funds at December 31, 2016, by subtracting all accounts payable and encumbrances from the year end cash fund balance of each fund. No further calculations were necessary because there were no deficit fund balances.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(5) of the Revised Code. There were no deficit fund balances at December 31, 2016.

**Condition Six - Treasury Balances**

Section 118.03(A)(6) of the Revised Code defines a fiscal emergency condition as:

The existence of a condition in which, at the end of the preceding fiscal year, moneys and marketable investments in or held for the unsegregated treasury of the municipal corporation minus outstanding checks and warrants were less in amount than the aggregate of the positive balances of the general fund and those special funds the purposes of which the unsegregated treasury is held to meet and such deficiency exceeded one-sixth of the total amount received into the unsegregated treasury during the preceding fiscal year.

We verified the Village's reconciled bank balance to its statement of cash position by fund for all funds as of December 31, 2016, which included subtracting reconciling factors to arrive at the treasury balance. We then determined the aggregate sum of all positive fund cash balances, the purpose of which the unsegregated treasury is held to meet, to determine the treasury deficit. No further calculations were necessary because the treasury balance equaled the sum of all cash balances.

Village of West Mansfield, Logan County  
 Report on the Village of West Mansfield  
 Fiscal Emergency Termination

---

Schedule I

Treasury Balance  
 Ohio Revised Code Section 118.03(A)(6)  
 As of December 31, 2016

	Amounts at December 31, 2016
Bank Cash Balance	
The Union Banking Company - General Checking	\$1,105,885
The Union Banking Company - Certificates of Deposit	30,000
Total Bank Cash Balance	1,135,885
Reconciling Factors for:	
Deposit in Transit	7,062
Outstanding Checks	(8,139)
Other Adjustments	(625)
	(625)
Total Treasury Balance	1,134,183
Positive Fund Balances	
General	214,467
Street Maintenance	7,964
State Highway	1,657
OSR Police	5,084
Capital Fire/Tower	77,716
Capital Project Street Repair	136,307
Capital Water Plant	131,378
Water Operating	204,614
Sewer Operating	234,973
Enterprise Reserve	99,000
Enterprise Deposit	21,023
Total Positive Fund Balances	1,134,183
Treasury Deficiency	\$0

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(6) of the Revised Code as of December 31, 2016. The treasury balance less the positive fund cash balances as of December 31, 2016, did not exceed one-sixth of the treasury receipts for the year.

Village of West Mansfield, Logan County  
Report on the Village of West Mansfield  
Fiscal Emergency Termination

---

**Section 3 - Financial Plan Objectives**

We obtained a copy of the financial plan of the Village and determined whether the objectives of the plan have been met. Those objectives identified in the financial plan include the following:

- 1) Eliminate the fiscal emergency conditions which were determined by the Auditor of State, pursuant to Section 118.04 of the Revised Code;
- 2) Balance the budgets, avoid future deficits in any fund, and maintain current payments of all accounts;
- 3) Develop an effective financial accounting and reporting system; and
- 4) Prepare a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State.

All objectives of the financial plan have been met.

**Section 4 - Financial Forecast**

Financial forecasting is an important management tool to assist the Village in making sound financial decisions for avoiding a fiscal crisis in the future. A five-year forecast is required under Section 118.27(A)(3)(d) of the Revised Code. After examining the financial forecast, the Auditor of State rendered a nonadverse report. The financial forecast is contained in Appendix A.

**DISCLAIMER**

Because the preceding procedures were not sufficient to constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts and fund balances referred to above. Had we performed additional procedures or had we made an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported herein.



**APPENDIX A**

**Village of West Mansfield  
Logan County**

**Financial Forecast**

**For the Years Ending December 31, 2017 Through December 31, 2021**

This page intentionally left blank

Village of West Mansfield, Logan County

Table of Contents

Accountant's Report .....	A-3
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget Basis For the Years Ended December 31, 2014, through 2016, Actual; and Ending December 31, 2017, through 2021, Forecasted	
Street Maintenance .....	A-4
State Highway.....	A-6
Water Operating.....	A-8
Sewer Operating .....	A-10
Summary of Significant Accounting Policies and Forecast Assumptions.....	A-12

This page intentionally left blank



# Dave Yost • Auditor of State

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

Based upon the requirement set forth in section 118.27(A)(3)(d) of the Ohio Revised Code, the Local Government Services Section of the Auditor of State's Office has examined the accompanying forecasted statement of revenues, expenditures, and changes in fund balance of the various funds of the Village of West Mansfield, for the five years ending December 31, 2021. This statement is presented on the budget basis of accounting used by the Village of West Mansfield rather than on generally accepted accounting principles. The Village of West Mansfield's management is responsible for the forecast. Our responsibility is to determine whether the Village has met the criteria that allows for the fiscal emergency to be terminated.

Based on our examination of the accompanying forecast, there is nothing in the forecast nor has anything come to our attention that indicates the fiscal emergency should not be terminated. However, some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore, the actual results of operations during the forecast period will vary from the forecast and the variations may be material.

This report is intended solely for the use of the Village of West Mansfield and the Financial Planning and Supervision Commission of West Mansfield and should not be used for any other purpose. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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

Dave Yost  
Auditor of State

September 6, 2017

Village of West Mansfield, Logan County  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget Basis  
For the Years Ended December 31, 2014, Through 2016, Actual  
and Ending December 31, 2017, Through 2021, Forecasted

Street Maintenance

	2014 Actual	2015 Actual	2016 Actual
<b>Revenues</b>			
Intergovernmental	\$32,017	\$31,324	\$32,006
Interest	42	44	51
Other Revenues	634	0	0
<b>Total Revenues</b>	<b>32,693</b>	<b>31,368</b>	<b>32,057</b>
<b>Expenditures</b>			
Street Maintenance			
Personal Services	28,929	26,727	27,927
Contractual Services	2,235	2,336	1,875
Supplies and Materials	10,323	12,238	6,772
Capital Outlay	1,545	0	0
Debt Service			
Principal Retirement	7,181	616	0
Interest and Fiscal Charges	226	3	0
<b>Total Expenditures</b>	<b>50,439</b>	<b>41,920</b>	<b>36,574</b>
Excess of Revenues Under Expenditures	(17,746)	(10,552)	(4,517)
<b>Other Financing Sources</b>			
Proceeds of Loans	0	0	0
Transfers In	14,500	11,500	7,280
<b>Total Other Financing Sources</b>	<b>14,500</b>	<b>11,500</b>	<b>7,280</b>
Changes in Fund Balance	(3,246)	948	2,763
Fund Balance Beginning of Year	7,499	4,253	5,201
Fund Balance End of Year	<u>\$4,253</u>	<u>\$5,201</u>	<u>\$7,964</u>

2017 Forecasted	2018 Forecasted	2019 Forecasted	2020 Forecasted	2021 Forecasted
\$32,000	\$32,000	\$32,000	\$32,000	\$32,000
25	0	0	0	0
0	0	0	0	0
32,025	32,000	32,000	32,000	32,000
28,540	29,410	30,300	31,230	32,180
6,340	2,610	2,720	2,840	2,960
10,000	10,500	11,020	11,580	12,160
30,000	0	0	0	0
0	6,000	6,000	6,000	6,000
0	1,200	960	720	480
74,880	49,720	51,000	52,370	53,780
(42,855)	(17,720)	(19,000)	(20,370)	(21,780)
30,000	0	0	0	0
4,891	17,720	19,000	20,370	21,780
34,891	17,720	19,000	20,370	21,780
(7,964)	0	0	0	0
7,964	0	0	0	0
\$0	\$0	\$0	\$0	\$0

Village of West Mansfield, Logan County  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget Basis  
For the Years Ended December 31, 2014, Through 2016, Actual  
and Ending December 31, 2017, Through 2021, Forecasted

State Highway

	2014 Actual	2015 Actual	2016 Actual
<b>Revenues</b>			
Intergovernmental	\$2,532	\$2,541	\$2,595
Interest	30	44	51
Other Revenues	362	0	0
<b>Total Revenues</b>	<b>2,924</b>	<b>2,585</b>	<b>2,646</b>
<b>Expenditures</b>			
Street Maintenance			
Personal Services	17,228	15,765	16,322
Debt Service			
Principal Retirement	1,267	109	0
Interest and Fiscal Charges	40	1	0
<b>Total Expenditures</b>	<b>18,535</b>	<b>15,875</b>	<b>16,322</b>
Excess of Revenues Under Expenditures	(15,611)	(13,290)	(13,676)
<b>Other Financing Sources</b>			
Transfers In	16,500	13,000	14,448
Changes in Fund Balance	889	(290)	772
Fund Balance Beginning of Year	285	1,174	884
Fund Balance End of Year	<u>\$1,174</u>	<u>\$884</u>	<u>\$1,656</u>



2017 Forecasted	2018 Forecasted	2019 Forecasted	2020 Forecasted	2021 Forecasted
\$2,600	\$2,600	\$2,600	\$2,600	\$2,600
25	0	0	0	0
0	0	0	0	0
2,625	2,600	2,600	2,600	2,600
16,230	16,720	17,230	17,750	18,290
0	0	0	0	0
0	0	0	0	0
16,230	16,720	17,230	17,750	18,290
(13,605)	(14,120)	(14,630)	(15,150)	(15,690)
11,949	14,120	14,630	15,150	15,690
(1,656)	0	0	0	0
1,656	0	0	0	0
\$0	\$0	\$0	\$0	\$0

Village of West Mansfield, Logan County  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget Basis  
For the Years Ended December 31, 2014, Through 2016, Actual  
and Ending December 31, 2017, Through 2021, Forecasted

Water Operating

	2014 Actual	2015 Actual	2016 Actual
<b>Revenues</b>			
Charges for Services	\$281,140	\$231,423	\$235,986
Other Revenues	1,540	0	185
<b>Total Revenues</b>	<b>282,680</b>	<b>231,423</b>	<b>236,171</b>
<b>Expenses</b>			
Personal Services	45,638	51,509	51,935
Contractual Services	24,350	21,230	23,692
Supplies and Materials	56,021	50,734	52,131
Capital Outlay	30,084	360,200	13,329
<b>Total Expenses</b>	<b>156,093</b>	<b>483,673</b>	<b>141,087</b>
<b>Operating Income (Loss)</b>	<b>126,587</b>	<b>(252,250)</b>	<b>95,084</b>
<b>Nonoperating Revenues (Expenses)</b>			
Grants	0	260,000	0
OWDA Loans Issued	0	80,475	0
Transfers Out	(74,404)	(74,502)	(78,149)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(74,404)</b>	<b>265,973</b>	<b>(78,149)</b>
<b>Changes in Fund Balance</b>	<b>52,183</b>	<b>13,723</b>	<b>16,935</b>
<b>Fund Balance Beginning of Year</b>	<b>121,772</b>	<b>173,955</b>	<b>187,678</b>
<b>Fund Balance End of Year</b>	<b>\$173,955</b>	<b>\$187,678</b>	<b>\$204,613</b>

2017 Forecasted	2018 Forecasted	2019 Forecasted	2020 Forecasted	2021 Forecasted
\$237,350	\$239,720	\$242,120	\$244,540	\$246,990
0	0	0	0	0
237,350	239,720	242,120	244,540	246,990
58,880	60,680	62,530	64,450	66,410
20,450	24,770	22,780	28,050	25,420
55,950	58,750	61,680	64,770	68,010
40,000	0	0	0	0
175,280	144,200	146,990	157,270	159,840
62,070	95,520	95,130	87,270	87,150
0	0	0	0	0
0	0	0	0	0
(79,300)	(83,900)	(83,900)	(83,900)	(83,900)
(79,300)	(83,900)	(83,900)	(83,900)	(83,900)
(17,230)	11,620	11,230	3,370	3,250
204,613	187,383	199,003	210,233	213,603
<u>\$187,383</u>	<u>\$199,003</u>	<u>\$210,233</u>	<u>\$213,603</u>	<u>\$216,853</u>

Village of West Mansfield, Logan County  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget Basis  
For the Years Ended December 31, 2014, Through 2016, Actual  
and Ending December 31, 2017, Through 2021, Forecasted

Sewer Operating

	2014 Actual	2015 Actual	2016 Actual
<b>Revenues</b>			
Charges for Services	\$193,556	\$233,989	\$233,447
Other Revenues	9,105	0	5,885
<b>Total Revenues</b>	<b>202,661</b>	<b>233,989</b>	<b>239,332</b>
<b>Expenses</b>			
Personal Services	25,649	24,918	24,988
Contractual Services	19,897	14,835	18,448
Supplies and Materials	19,607	19,010	3,244
Capital Outlay	8,436	167,235	5,804
<b>Total Expenses</b>	<b>73,589</b>	<b>225,998</b>	<b>52,484</b>
<b>Operating Income</b>	<b>129,072</b>	<b>7,991</b>	<b>186,848</b>
<b>Nonoperating Revenues (Expenses)</b>			
OWDA Loans Issued	0	144,742	0
Transfers Out	(111,001)	(111,201)	(115,917)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(111,001)</b>	<b>33,541</b>	<b>(115,917)</b>
<b>Changes in Fund Balance</b>	<b>18,071</b>	<b>41,532</b>	<b>70,931</b>
<b>Fund Balance Beginning of Year</b>	<b>104,437</b>	<b>122,508</b>	<b>164,040</b>
<b>Fund Balance End of Year</b>	<b>\$122,508</b>	<b>\$164,040</b>	<b>\$234,971</b>

2017 Forecasted	2018 Forecasted	2019 Forecasted	2020 Forecasted	2021 Forecasted
\$237,350	\$239,720	\$242,120	\$244,540	\$246,990
0	0	0	0	0
237,350	239,720	242,120	244,540	246,990
27,990	28,840	29,720	30,630	31,570
17,840	21,010	20,100	23,890	22,420
20,220	21,240	22,300	23,400	24,580
10,000	0	0	0	0
76,050	71,090	72,120	77,920	78,570
161,300	168,630	170,000	166,620	168,420
0	0	0	0	0
(118,200)	(118,200)	(106,400)	(106,300)	(106,300)
(118,200)	(118,200)	(106,400)	(106,300)	(106,300)
43,100	50,430	63,600	60,320	62,120
234,971	278,071	328,501	392,101	452,421
\$278,071	\$328,501	\$392,101	\$452,421	\$514,541

Village of West Mansfield, Logan County  
Summary of Significant Accounting Policies and Forecast Assumptions  
For the Years Ending December 31, 2017, Through 2021

---

**Note 1 - The Village**

The Village of West Mansfield is located in north central Ohio in Logan County. The Village is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Operating as a statutory village, West Mansfield must comply with all State laws regulating village government. The decision making process is directed by an elected Village Council and Mayor.

The Village Council is the legislative authority of the Village and consists of six members who are elected at large and serve terms of four years. The Village Council elects a President Pro Tempore to preside over Village Council meetings in the Mayor's absence. The Village Council has the authority to prescribe, by ordinance, the manner in which any power of the Village shall be exercised.

The Mayor is the chief executive officer of the Village and serves a term of four years. The Mayor supervises the administration of the Village and is the President of Village Council. The Mayor makes recommendations to Village Council and has voting rights only in the case of a tie. In accordance with sections 730.270 through 735.273 of the Ohio Revised Code, the Village has established the position of a Village Administrator who is appointed by the Mayor subject to Village Council's approval. The Village Administrator is responsible for administering most operations of the Village including public utilities, streets, and other duties as set forth by ordinance of Village Council.

Services provided by the Village include street maintenance and repair, maintenance of state highways within the Village, street lighting, park maintenance, and water and sewer utilities.

On August 13, 2009, the Auditor of State's office declared the Village of West Mansfield to be in a state of fiscal emergency 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 Mayor of the Village, a member of Village Council, three individuals whose residency or principal place of business is within the Village, and a designee from both the State Treasurer's Office and the Office of Budget and Management. This Commission is required to adopt a financial plan for the Village. Once the plan has been adopted, the Village's discretion is limited in that all financial activity of the Village must be in accordance with the plan.

**Note 2 - Nature of Presentation**

This financial forecast presents, to the best of the Village's knowledge and belief, the expected revenues, expenditures, and changes in fund balances for the forecast period. Accordingly, the forecast reflects the Village's judgment, as of September 6, 2017, the date of the forecast, the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

The forecast presents funds that are significant to the operations of the Village and which had a deficit fund balance at the time the Village was declared in fiscal emergency. This consists of the Street Maintenance Fund, State Highway Fund, Water Operating Fund, and Sewer Operating Fund.

Village of West Mansfield, Logan County  
Summary of Significant Accounting Policies and Forecast Assumptions  
For the Years Ending December 31, 2017, through 2021

---

**Note 3 - Summary of Significant Accounting Policies**

**A. Basis of Accounting**

This financial forecast has been prepared on a basis of cash receipts, disbursements, and encumbrances, which is consistent with the budget basis of accounting (non-GAAP) used to prepare the historical financial statements. Under this basis of accounting, certain revenue and related assets are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred. However, by virtue of Ohio law, the Village is required to maintain the encumbrance method of accounting. This method requires purchase orders, contracts, and other commitments for the expenditure of monies to be recorded as the equivalent of an expenditure in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

**B. Fund Accounting**

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

**Governmental Funds**

**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 disbursed or transferred in accordance with Ohio law.

**Special Revenue Funds** - Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to disbursement for specified purposes, other than for debt service or capital projects.

**Capital Projects Funds** - Capital projects funds are used to account for and report resources that are restricted, committed, or assigned for the acquisition or construction of major capital facilities and other capital assets (other than those financed by the enterprise funds).

**Proprietary 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.

Village of West Mansfield, Logan County  
Summary of Significant Accounting Policies and Forecast Assumptions  
For the Years Ending December 31, 2017, through 2021

---

**Note 3 - Summary of Significant Accounting Policies** (continued)

**C. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of the budgetary documents within an established timetable. 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 and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated.

Estimated Resources - On or about September 1, the County Budget Commission issues an official certificate of estimated resources to the Village which states the projected receipts of each fund. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. Prior to December 31, the Village must revise its budget so that total contemplated expenditures from any funds during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations - A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year if the annual appropriations for the full year are not ready for approval by Village Council. The temporary appropriation measure remains in place until the annual appropriation measure is adopted for the entire year. By March 31, an annual appropriation ordinance must be legally enacted by the Village Council. The appropriation measure may be amended or supplemented during the year as new information becomes available.

Encumbrances - The Village uses the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve a portion of the applicable appropriation.

**D. Property, Plant and Equipment**

Capital assets acquired or constructed for general governmental services are recorded as expenditures. Depreciation is not recorded for these capital assets as the purpose of the financial statements for the governmental services is to report the expenditure of resources, not costs.

**Note 4 - Specific Fund Revenue Assumptions**

**A. Street Maintenance Fund**

Intergovernmental - Intergovernmental revenue consists of motor vehicle license tax and gasoline tax distributions. Forecasted receipts are anticipated to remain consistent with amounts received during 2016.



Village of West Mansfield, Logan County  
Summary of Significant Accounting Policies and Forecast Assumptions  
For the Years Ending December 31, 2017, through 2021

---

**Note 4 - Specific Fund Revenue Assumptions** (continued)

**B. State Highway Fund**

Intergovernmental - Intergovernmental revenue consists of motor vehicle license tax and gasoline tax distributions. Forecasted receipts are anticipated to remain consistent with amounts received during 2016.

**C. Water and Sewer Operating Funds**

Charges for Services - The Village charges a flat rate of \$107 for residents with water usage of less than 351 cubic feet, \$107.10 for residents with water usage between 351 and 500 cubic feet, and \$121.72 for residents with water usage of 500 cubic feet or more.

Utility receipts are currently distributed 50 percent to the Water Operating Fund and 50 percent to the Sewer Operating Fund based on Village ordinance. Rates are anticipated to increase 1 percent each year for the forecasted period. Distribution will remain at 50 percent to the Water Operating Fund and 50 percent to the Sewer Operating Fund.

**Note 5 - General Expenditure Assumptions - All Funds**

**A. Personal Services**

Personal services include the salaries paid to the employees of the Village and the elected Mayor and Village Council. The Village Council, the Mayor, the Village Administrator, the Fiscal Officer, and the Zoning Officer are paid monthly. All other Village employees are paid weekly. Personal services also include all salary related costs such as pension contributions, medicare, and workers' compensation.

The Village Council consists of six members with an annual salary of \$900. Village Council is paid from the General Fund.

The Mayor's annual salary is \$5,000 and is paid from the General Fund.

The Village Administrator is paid \$1,126 per month and is split between the General Fund, the Street Maintenance Fund, and the Water and Sewer Operating funds.

A three percent increase in salaries is expected throughout the forecast period for all employees. In addition, one part-time employee was hired for utilities in 2017. In 2015, actual salaries decreased in the Street Maintenance and State Highway funds due to a change in the pay split for a full-time employee.

Benefits include employer contributions to the State pension system, workers' compensation, social security, and medicare. The Village does not provide any other benefits.

Village of West Mansfield, Logan County  
Summary of Significant Accounting Policies and Forecast Assumptions  
For the Years Ending December 31, 2017, through 2021

---

**Note 5 - General Expenditure Assumptions - All Funds** (continued)

Village employees participate in Ohio Public Employees Retirement System (OPERS). OPERS provide basic retirement, disability, and death benefits to plan members and beneficiaries. OPERS benefits are established by Chapter 145 of the Ohio Revised Code. Employees are required to contribute 10 percent of their annual salary and the Village is required to contribute 14 percent of their annual salary. Several council members pay into Social Security.

All elected officials and Village employees are required to pay into medicare. The medicare contribution is 1.45 percent of their annual salary.

Workers' compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. A slight increase is expected annually for forecasted period.

**B. Contractual Services**

Contractual services include property and liability insurance, utility charges (telephone, electric, water and sewer, and natural gas), postage, advertising, professional dues, UAN fees, legal fees, auditor and treasurer fees, professional and technical services, and accounting and auditing services.

For 2017 through 2021, property and liability insurance is anticipated to increase approximately 10 percent annually based upon historical trend.

Utility costs for 2017 are based on the historical average with an allowance for a modest increase annually throughout the forecasted period.

Contractual services for UAN fees will increase beginning in 2018. The Village did not pay UAN fees while in fiscal emergency. They will resume paying UAN fees in 2018.

Contractual services in the Street Maintenance Fund increased in 2017 due to the Village hiring a contractor to perform a camera study for street flooding.

Contractual services increase every other year over the forecast period in the Water and Sewer Operating funds due to paying a portion of the Village's biennial audit.

**C. Supplies and Materials**

Supplies and materials expenditures include office supplies, operating supplies (salt and gasoline), and repair and maintenance costs. Supplies and materials are anticipated to increase approximately 5 percent per year to allow for the replenishment of supplies. In 2015, expenses were higher than in prior years in the Street Maintenance Fund due to the purchase of materials for street repairs made during the year. In 2016, supplies and materials expenditures were significantly lower in the Sewer Operating Fund due to not needing to replace maintenance parts.

Village of West Mansfield, Logan County  
 Summary of Significant Accounting Policies and Forecast Assumptions  
 For the Years Ending December 31, 2017, through 2021

---

**Note 5 - General Expenditure Assumptions - All Funds** (continued)

**D. Capital Outlay**

The Street Maintenance Fund anticipates purchasing a street sweeper in 2017.

The Water Operating Fund has anticipated capital outlay expenditures of \$40,000 in 2017. This amount consists of \$8,000 for new water meters, \$18,000 for filter and well cleaning, \$4,000 for tank equipment, and \$10,000 to repave the water plant drive.

The Sewer Operating fund has forecasted \$10,000 in 2017 for the relocation of grinder pump junction boxes and a roof replacement.

**E. Debt Service**

The original issue date, interest rate, original issue amount, and maturity date for the Village's long-term obligations as of December 31, 2016, were as follows:

	Original Issue Date	Interest Rate	Original Issue Amount	Maturity Date
<b><u>Mortgage Revenue Bonds</u></b>				
Sewer System Mortgage Revenue Bonds	2/26/1997	5.00%	\$1,669,000	3/1/2037
<b><u>Loans Payable</u></b>				
OWDA - Water Project	2/24/2005	2.00	1,618,424	1/1/2036
OWDA - Well Protection	9/29/2016	0.50	75,417	n/a
OWDA - Sewer Project	10/30/1997	5.86	141,548	7/1/2018
OWDA - Lime Sludge Storage Facility	3/26/2015	0.57	225,217	n/a
OPWC - Water Treatment Plant Improvements	7/1/2003	0.00	49,999	1/1/2026
OPWC - Well Construction	7/1/2012	0.00	21,195	n/a

**Mortgage Revenue Bonds** - The Village issued mortgage revenue bonds for the construction of a sewer system that was mandated by the Ohio Environmental Protection Agency. The debt will be repaid from the Bond Debt Fund through transfers from the Sewer Operating Fund.

**OWDA Loans** - OWDA loans consist of money owed to the Ohio Water Development Authority for water treatment plant improvements, a well protection radius, the construction of a wastewater treatment plant, and a lime sludge storage facility. OWDA loans will be repaid from the Debt Service Water Plant Renovation and the Debt Service OWDA Sewer Loan funds through transfers from the Water Operating and Sewer Operating funds. OWDA loans for the well protection radius and the lime sludge storage facility have not been completed; therefore, the loans have not been finalized and an amortization schedule is not available.

Village of West Mansfield, Logan County  
 Summary of Significant Accounting Policies and Forecast Assumptions  
 For the Years Ending December 31, 2017, through 2021

---

**Note 5 - General Expenditure Assumptions - All Funds** (continued)

OPWC Loans - The Village has obtained interest free loans from the Ohio Public Works Commission for water treatment plant improvements and well construction. These loans will be repaid from the Debt Service Water Plant Renovation Fund through transfers from the Water Operating Fund. The well construction has not been completed; therefore, the loan has not been finalized and an amortization schedule is not available.

The Village anticipates obtaining a loan in 2017 to purchase a street sweeper. Repayment is expected to begin in 2018. This loan will be repaid from revenues of the Street Maintenance Fund.

Principal and interest requirements to retire the Village's debt are:

Year	OPWC Loan	OWDA Loans		USDA Loan	
	Principal	Principal	Interest	Principal	Interest
2017	\$3,131	\$70,259	\$25,080	\$35,600	\$63,430
2018	3,762	75,535	23,953	37,200	61,650
2019	3,762	65,094	22,454	39,200	59,790
2020	3,762	66,197	21,311	41,100	57,830
2021	3,762	67,323	20,240	43,100	55,775
2022-2026	17,560	354,258	83,112	250,600	244,270
2027-2031	6,310	385,801	51,569	319,600	175,055
2032-2036	6,310	384,484	16,885	408,000	86,735
2037-2041	6,310	3,950	15	94,200	4,710
2042-2046	6,310	0	0	0	0
2047	622	0	0	0	0
	<u>\$61,601</u>	<u>\$1,472,901</u>	<u>\$264,619</u>	<u>\$1,268,600</u>	<u>\$809,245</u>

**Note 6 - Transfers**

The Village expects make transfers each year from the General Fund to the Street Maintenance and State Highway funds to supplement activities in those funds. The Water Operating and Sewer Operating funds will make transfers to the Bond Debt, Debt Service Water Plant Renovation, and Debt Service OWDA Sewer Loan funds as debt payments come due.

**Note 7 - Other Funds**

The Village has several other funds that account for resources that are restricted for specific purposes. These funds are anticipated to have sufficient resources to meet their obligations during the forecasted period.

Village of West Mansfield, Logan County  
Summary of Significant Accounting Policies and Forecast Assumptions  
For the Years Ending December 31, 2017, through 2021

---

**Note 8 - Pending Litigation**

The Village currently has no pending litigation.

This page intentionally left blank



# Dave Yost • Auditor of State

VILLAGE OF WEST MANSFIELD

LOGAN COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
DECEMBER 11, 2017