

VILLAGE OF WEST SALEM

WAYNE COUNTY, OHIO

AUDIT REPORT

For the Year Ended December 31, 2010

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Dave Yost • Auditor of State

Village Council
Village of West Salem
P.O. Box 256
West Salem, Ohio 44287

We have reviewed the *Report of Independent Accountants* of the Village of West Salem, Wayne County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2010 to December 31, 2010. 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 West Salem is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

November 15, 2012

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VILLAGE OF WEST SALEM
WAYNE COUNTY, OHIO
Audit Report
For the Year Ended December 31, 2010

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report of Independent Accountants	1-2
Management's Discussion and Analysis	3-11
Statement of Net Assets – Cash Basis	12
Statement of Activities – Cash Basis	13
Statement of Cash Basis Assets and Fund Balances Governmental Funds	14
Statement of Cash Receipts, Disbursements and Changes In Cash Basis Fund Balances – Governmental Funds	15
Statement of Receipts, Disbursements and Changes In Fund Balance – Budget and Actual – Budget Basis General Fund	16
Statement of Receipts, Disbursements and Changes In Fund Balance – Budget and Actual – Budget Basis Street Construction Maintenance and Repair Fund	17
Statement of Receipts, Disbursements and Changes In Fund Balance – Budget and Actual – Budget Basis State Highway Fund	18
Statement of Net Assets – Cash Basis Proprietary Funds	19
Statement of Cash Receipts, Disbursements and Changes In Fund Net Assets – Cash Basis - Proprietary Funds	20
Statement of Fiduciary Net Assets – Cash Basis Fiduciary Fund	21
Notes to the Basic Financial Statements	22-36
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	37-38
Schedule of Findings	39
Schedule of Prior Audit Findings	40

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Charles E. Harris & Associates, Inc.
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REPORT OF INDEPENDENT ACCOUNTANTS

Village of West Salem
Wayne County
P.O. Box 256
West Salem, OH 44287

To the Village Council:

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 West Salem, Wayne County, Ohio (the Village), as of and for the year ended December 31, 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

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 West Salem, Wayne County, Ohio, as of December 31, 2010, and the respective changes in cash financial position, thereof and the respective budgetary comparison for the General, Street Construction Maintenance and Repair, and State Highway Funds thereof for the year then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2012, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the Village's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, and governmental activities. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.
July 12, 2012

VILLAGE OF WEST SALEM
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

This discussion and analysis of the Village of West Salem's (also referred to as the Village's) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2010, 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 2010 are as follows:

Net assets of governmental activities decreased \$53,672 or 16 percent. General Fund cash balance decreased \$35,078, or 39 percent. During 2010 The State Department of Taxation made a determination on the property tax owed for the West Salem Community Campus building. Back and current taxes for the years 2004 through 2009 totaling \$28,277 were paid.

The Village's general receipts were primarily property and income taxes and during 2010, plus money for grants and entitlements. These receipts represent respectively 10, 27 and 10 percent of the total cash received for governmental activities during the year. Loan proceeds were 33 percent as well. Income tax receipts for 2010 were \$11,128 lower than receipts in 2009. Development within the corporation has not resumed, nor have a significant number of laid off workers been called back to work.

Although operating costs for the School House Community Campus dropped \$18,486 during 2010, the payment of property tax, as noted above, caused the total costs for the building to exceed 2009 totals by \$9,791.

Assets for both water and sanitary sewer operations of the Village's business-type activities, increased during 2010. Construction was completed on the new water plant which was put into service February 18, 2010. However, in July the water plant was shut down due to the failure of its well field. The Village Administrator has been actively searching for a new source of raw water. Owners of the local mobile home park completed engineering and began construction within the park to remove infiltration from the park's sanitary sewer system.

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 assets 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.

VILLAGE OF WEST SALEM
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

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

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

The statement of net assets and the statement of activities reflect how the Village did financially during 2010, within the limitations of cash basis accounting. The statement of net assets 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 nonfinancial 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 WEST SALEM
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

In the statement of net assets 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 police, fire, streets, parks, cemeteries, and construction projects. State and federal grants and income 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 - The Village has two business-type activities, the provision of water and of sewer. Business-type activities are financed by a fee charged to the customers receiving the services.

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 three categories: governmental, proprietary and fiduciary.

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 non major 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; Street Construction, Maintenance & Repair; State Highway; and OWDA Debt Service and Other Construction Funds. The programs reported in governmental funds are closely related to those reported in the Governmental activities section of the entity-wide statements.

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, the Water, Sanitary Sewer, and Utility Deposit Funds.

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 Mayor's Court Agency Fund and the Unclaimed Money Fund are fiduciary funds.

VILLAGE OF WEST SALEM
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2010 compared to 2009 on a cash basis.

(Table 1)

Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2010	2009	2010	2009	2010
Assets						
Cash and Investments	\$340,448	\$286,776	\$401,971	\$486,685	\$742,419	\$773,461
Total Assets	\$340,448	\$286,776	\$401,971	\$486,685	\$742,419	\$773,461
Net Assets						
Restricted for:						
Debt Service	\$31,058	\$67,286			\$31,058	\$67,286
Capital Outlay	80,012	0			80,012	0
Other Purposes	140,398	165,589			140,398	165,589
Unrestricted	88,980	53,901	\$401,971	\$486,685	490,951	540,586
Total Net Assets	\$340,448	\$286,776	\$401,971	\$486,685	\$742,419	\$773,461

The primary reasons for the decline in governmental net assets are as follows:

- Income tax receipts continued to decline by an additional \$11,128 due to a continued depressed local economy.
- Investment earnings remained low during 2010
- Operation costs for the School House Community Campus, which included six years of property taxes exceeded lease payment and other revenue by \$61,380.

Table 2 reflects the changes in net assets in 2010.

VILLAGE OF WEST SALEM
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

(Table 2)
Changes in Net Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2009	2010	2009	2010	2009	2010
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$49,058	\$49,402	\$603,573	\$618,903	\$652,631	\$668,305
Operating Grants and Contributions	77,300	71,057			77,300	71,057
Capital Grants and Contributions	729,300	164,110			729,300	164,110
Total Program Receipts	855,658	284,569	603,573	618,903	1,459,231	903,472
General Receipts:						
Property and Other Local Taxes	54,412	53,959			54,412	53,959
Income Taxes	183,108	171,980			183,108	171,980
Other Taxes	7,213	6,883			7,213	6,883
Grants and Entitlements Not Restricted to Specific Programs	69,175	65,559			69,175	65,559
OWDA Loan Proceeds	0	208,872			0	208,872
Debt Proceeds	1,417,506	1,894			1,417,506	1,894
Sale of Fixed Assets	0	3,500			0	3,500
Interest	2,191	3,113			2,191	3,113
Miscellaneous	8,599	9,407	4,003	5,747	12,602	15,154
Total General Receipts	1,742,204	525,167	4,003	5,747	1,746,207	530,914
Total Receipts	2,597,862	809,736	607,576	624,650	3,205,438	1,434,386
Disbursements:						
General Government	206,961	208,175			206,961	208,175
Security of Persons and Property	128,617	127,955			128,617	127,955
Public Health Services	31,049	29,006			31,049	29,006
Leisure Time Activities	5,926	5,103			5,926	5,103
Community Environment	11,101	3,869			11,101	3,869
Basic Utilities	0	0	398,798	430,061	398,798	430,061
Transportation	52,874	51,707			52,874	51,707
Capital Outlay	1,878,734	469,454			1,878,734	469,454
Principal Retirement	264,121	50,140			264,121	50,140
Interest and Fiscal Charges	28,289	25,648			28,289	25,648
Other		332			0	332
Total Disbursements	2,607,672	971,389	398,798	430,061	3,006,470	1,401,450
Excess (Deficiency) Before Transfers	(9,810)	(161,653)	208,778	194,589	198,968	32,936
Transfers/Advances	79,266	109,625	(79,266)	(109,875)	0	(250)
Increase (Decrease) in Net Assets	69,456	(52,028)	129,512	84,714	198,968	32,686
Net Assets, January 1	270,992	340,448	272,459	401,971	543,451	742,419
Net Assets, December 31	\$340,448	\$288,420	\$401,971	\$486,685	\$742,419	\$775,105

VILLAGE OF WEST SALEM
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

During 2010 governmental program receipts represent 31 percent of total governmental receipts, as compared with 33 percent during 2009, and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money; cemetery fees; developer fees; and court fines and costs. During 2010 and 2009 business-type program receipts represent 99 percent of total receipts, and are primarily comprised of charges for services.

General governmental receipts represent 64 percent of the Village's total receipts, and of this amount, over 37 percent are local taxes. State and federal grants and entitlements and OWDA loans make up much of the balance of the Village's general receipts (10 and 33 percent). Other receipts are insignificant and/or a somewhat unpredictable revenue sources.

Disbursements for general government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, and the auditor, treasurer, and income tax departments, as well as the Mayor's Court and the cost associated with the School House Community Campus. Except for the School House Community Campus expenditures, these costs do not represent direct services to residents. These costs expend 64 percent of General Fund unrestricted receipts.

Security of Persons and Property is the cost of police protection; Public Health Services includes the Cemetery Department activities plus payments to the Wayne County Health Department; Leisure Time Activities are the costs of maintaining the parks and playing fields; the economic development department includes zoning regulation. It also promotes the area to developers and the Village to industry and commerce as well as working with other Villages in the area to attract new business; and Transportation is the cost of maintaining the roads.

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. The major program disbursements for Governmental activities are for security of persons and property; transportation; and capital outlay which account for 13, 5, and 48 percent of all Governmental disbursements, respectively. General Government also represents a significant cost, about 21 percent. The next three columns of the Statement entitled Program 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.

VILLAGE OF WEST SALEM
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

(Table 3)

Governmental Activities

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2010	Net Cost of Services 2010
General Government	\$206,961	\$162,846	\$208,175	\$165,780
Security of Persons and Property	128,617	128,617	127,955	127,955
Public Health Services	31,049	21,346	29,006	21,934
Leisure Time Activities	5,926	5,926	5,103	5,103
Economic Development/Comm. Envir.	11,101	10,631	3,869	3,684
Basic Utilities	0	0	0	(35,400)
Transportation	52,874	(19,195)	51,707	(55,781)
Capital Outlay	1,878,734	1,149,434	469,454	379,069
Principal Retirement	264,121	264,121	50,140	50,140
Interest and Fiscal Charges	28,289	28,289	25,648	25,648
Other	0	0	332	332
Total Expenses	\$2,607,672	\$1,752,015	\$971,389	\$688,464

The dependence upon property and income tax receipts is apparent as over 29 percent of governmental activities are supported through these general receipts. However, if the 2010 construction disbursements are disregarded 45 percent of governmental activities are supported through these receipts.

Business-type Activities

The water operation of the Village is relatively small. During 2010 receipts exceeded cash disbursements in anticipation of debt payments for the Water Plant which did not begin until December 2010. The Village resumed purchasing water from the Rural Lorain County Water Authority, LaGrange, Ohio after the failure of its well field.

The sanitary sewer operation of the Village is also relatively small. Receipts exceed cash disbursements in order to build a reserve for future construction. There were no new construction, nor engineering fees during 2010. The Sewer Fund has begun the fifth year of payments on a five year bond anticipation note. The final payment will be made during October 2011. As noted earlier, Lea Crest Mobile Home Park has engineered and begun repairs to its sanitary sewer mains.

The Village's Funds

Total governmental funds had receipts of \$918,016 (including transfers and advances), and disbursements of \$971,688. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$35,078. During 2010, \$28,277 of the decrease was due to the six year property tax payment. Taking into consideration just one year of property tax that would have been due for 2010 only, the decrease would have been only \$12,801.

The Street Fund receipts for motor vehicle licenses decreased once again, while gasoline tax revenue increased. The Street Fund balance increased \$18,235. The street employee continues to be scheduled as part-time. Also, during 2010 only limited paving was done.

The State Highway fund balance increased \$1,660.

VILLAGE OF WEST SALEM
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

In March the OWDA Debt Service Fund began to receive transfers from the Water Fund for the Water Plant debt service. Because only one semi-annual payment was made during 2010, the fund balance increased by \$36,362.

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.

During 2010 the Village amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts decreased from original budgeted receipts amounts. The difference between final budgeted receipts and actual receipts was \$3,075.

Final disbursements in the General Fund were budgeted at \$409,694 while actual disbursements were \$374,456. The Village makes an effort to spend less than the budgeted amounts since expenditure of the full budget would eliminate its reserves.

Capital Assets and Debt Administration

Capital Assets

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

Debt

At December 31, 2010, the Village's outstanding debt included \$14,807 in general obligation notes issued for improvements to the sanitary sewer system, and \$1,931,914 in Ohio Water Development Authority and Ohio Public Works Commission loans for utility construction. The loan amount for the water plant construction has been finalized at the maximum loan amount although the full amount has not yet been drawn by the Village. The Village continues to draw on the loan as it works to find and develop a new well field. For further information regarding the Village's debt, refer to Notes 12 and 13 to the basic financial statements.

Current Issues

The challenge for all Villages is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. The Village relies heavily on local taxes and has a relatively small industrial support to its tax base. The 2009 property tax valuation of \$18,136,186. Represents a \$120,606 increase over the prior year's estimate. The administration continues to approve all requisitions. Overtime is rigorously discouraged. Beginning fourth quarter of 2010, the income tax was increased to a full one percent. The extra quarter percent has been designated for the benefit of the Police Department and will be credited to the Special Revenue Police Fund.

VILLAGE OF WEST SALEM
Management's Discussion and Analysis
For the Year Ended December 31, 2010
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 Patricia Foradori, Clerk-Treasurer, Village of West Salem, 27 S. Main Street, P.O. Box 256, West Salem, Ohio 44287.

Village of West Salem
Wayne County
Statement of Net Assets - Cash Basis
December 31, 2010

	Governmental Activities	Business - Type Activities	Total
Assets			
Cash and Investments	\$286,776	\$486,685	\$773,461
<i>Total Assets</i>	<u>\$286,776</u>	<u>\$486,685</u>	<u>\$773,461</u>
Net Assets			
Restricted for:			
Debt Service	\$67,286		\$67,286
Other Purposes	165,589		165,589
Unrestricted	<u>53,901</u>	<u>\$486,685</u>	<u>540,586</u>
<i>Total Net Assets</i>	<u>\$286,776</u>	<u>\$486,685</u>	<u>\$773,461</u>

See accompanying notes to the basic financial statements

Village of West Salem
Wayne County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2010

	General	Street Construction Maint. & Repair	State Highway	OWDA Debt Service	Other Governments Funds	Total Governmental Funds
Assets						
Cash and Investments	\$53,901	\$59,626	\$41,639	\$67,286	\$64,324	\$286,776
<i>Total Assets</i>	<u>\$53,901</u>	<u>\$59,626</u>	<u>\$41,639</u>	<u>\$67,286</u>	<u>\$64,324</u>	<u>\$286,776</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	\$13,925	\$1,196	\$94		\$614	\$15,829
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	39,976					\$39,976
Special Revenue Funds		58,430	41,545		63,710	\$163,685
Debt Service Funds				\$67,286		\$67,286
<i>Total Fund Balances</i>	<u>\$53,901</u>	<u>\$59,626</u>	<u>\$41,639</u>	<u>\$67,286</u>	<u>\$64,324</u>	<u>\$286,776</u>

See accompanying notes to the basic financial statements

Village of West Salem
Wayne County
Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2010

	General	Street Construction Maint. & Repair	State Highway	OWDA Debt Service	Other Construction	Other Governmental Funds	Total Governmental Funds
Receipts							
Municipal Income Taxes	\$171,782					\$198	\$171,980
Property Taxes	38,800					22,042	60,842
Intergovernmental	60,228	\$62,563	\$5,074		\$125,785	8,750	262,400
Special Assessments	692					38,325	39,017
Charges for Services	31,750					7,072	38,822
Fines, Licenses and Permits	9,432					776	10,208
Earnings on Investments	2,258	260	217	\$273		105	3,113
Miscellaneous	6,860					2,227	9,087
<i>Total Receipts</i>	<u>321,802</u>	<u>62,823</u>	<u>5,291</u>	<u>273</u>	<u>125,785</u>	<u>79,495</u>	<u>595,469</u>
Disbursements							
Current:							
Security of Persons and Property	125,703					2,252	127,955
Public Health Services	4,555					24,451	29,006
Leisure Time Activities	5,103						5,103
Community Environment	2,301					1,568	3,869
Transportation		44,588	3,631			3,488	51,707
General Government	206,435					1,740	208,175
Other	331						331
Capital Outlay	15,952				414,670	38,832	469,454
Debt Service:							
Principal Retirement				48,415		1,725	50,140
Interest and Fiscal Charges				24,876		772	25,648
<i>Total Disbursements</i>	<u>360,380</u>	<u>44,588</u>	<u>3,631</u>	<u>73,291</u>	<u>414,670</u>	<u>74,828</u>	<u>971,388</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(38,578)</u>	<u>18,235</u>	<u>1,660</u>	<u>(73,018)</u>	<u>(288,885)</u>	<u>4,667</u>	<u>(375,919)</u>
Other Financing Sources (Uses)							
OWDA Loan Proceeds					208,872		208,872
Sale of Capital Assets	3,500						3,500
Transfers In				109,380			109,380
Advances In	150					645	795
Advances Out	(150)					(150)	(300)
<i>Total Other Financing Sources (Uses)</i>	<u>3,500</u>	<u>0</u>	<u>0</u>	<u>109,380</u>	<u>208,872</u>	<u>495</u>	<u>322,247</u>
<i>Net Change in Fund Balances</i>	<u>(35,078)</u>	<u>18,235</u>	<u>1,660</u>	<u>36,362</u>	<u>(80,013)</u>	<u>5,162</u>	<u>(53,672)</u>
<i>Fund Balances Beginning of Year</i>	<u>88,979</u>	<u>41,391</u>	<u>39,979</u>	<u>30,924</u>	<u>80,013</u>	<u>59,162</u>	<u>340,448</u>
<i>Fund Balances End of Year</i>	<u>\$53,901</u>	<u>\$59,626</u>	<u>\$41,639</u>	<u>\$67,286</u>	<u>\$0</u>	<u>\$64,324</u>	<u>\$286,776</u>

See accompanying notes to the basic financial statements

Village of West Salem
Wayne County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Municipal Income Taxes	\$185,000	\$171,000	\$171,782	\$782
Property Taxes	39,090	39,090	38,800	(290)
Intergovernmental	58,661	58,661	60,228	1,567
Special Assessments	630	630	692	62
Charges for Services	32,000	32,000	31,750	(250)
Fines, Licenses and Permits	10,245	10,245	9,432	(813)
Earnings on Investments	2,000	2,000	2,258	258
Miscellaneous	4,100	5,100	6,860	1,760
<i>Total Receipts</i>	<u>331,726</u>	<u>318,726</u>	<u>321,802</u>	<u>3,076</u>
Disbursements				
Current:				
Security of Persons and Property	132,808	132,658	129,036	3,622
Public Health Services	4,555	4,555	4,555	0
Leisure Time Activities	6,870	7,070	5,519	1,551
Community Environment	11,115	5,615	4,126	1,489
General Government	249,547	243,363	214,787	28,576
Other		331	331	0
Capital Outlay	<u>13,300</u>	<u>15,952</u>	<u>15,952</u>	<u>0</u>
<i>Total Disbursements</i>	<u>418,195</u>	<u>409,544</u>	<u>374,306</u>	<u>35,238</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(86,469)</u>	<u>(90,818)</u>	<u>(52,504)</u>	<u>38,314</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	12,000	5,500	3,500	(2,000)
Advances In			150	150
Advances Out		(150)	(150)	0
<i>Total Other Financing Sources (Uses)</i>	<u>12,000</u>	<u>5,350</u>	<u>3,500</u>	<u>(1,850)</u>
<i>Net Change in Fund Balance</i>	(74,469)	(85,468)	(49,004)	36,464
<i>Unencumbered Fund Balance Beginning of Year</i>	68,365	68,365	68,365	0
<i>Prior Year Encumbrances Appropriated</i>	<u>20,614</u>	<u>20,614</u>	<u>20,614</u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$14,510</u>	<u>\$3,511</u>	<u>\$39,975</u>	<u>\$36,464</u>

See accompanying notes to the basic financial statements

Village of West Salem
Wayne County
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Construction Maintenance and Repair Fund
For the Year Ended December 31, 2010*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$59,000	\$59,000	\$62,563	\$3,563
Earnings on Investments	150	150	260	110
<i>Total Receipts</i>	<u>59,150</u>	<u>59,150</u>	<u>62,823</u>	<u>3,673</u>
Disbursements				
Current:				
Transportation	60,181	60,181	45,784	14,397
<i>Total Disbursements</i>	<u>60,181</u>	<u>60,181</u>	<u>45,784</u>	<u>14,397</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(1,031)	(1,031)	17,039	18,070
<i>Unencumbered Fund Balance Beginning of Year</i>	38,514	38,514	38,514	0
Prior Year Encumbrances Appropriated	2,877	2,877	2,877	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$40,360</u>	<u>\$40,360</u>	<u>\$58,430</u>	<u>\$18,070</u>

See accompanying notes to the basic financial statements

Village of West Salem
Wayne County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
State Highway Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$4,980	\$4,980	\$5,074	\$94
Earnings on Investments	275	275	217	(58)
<i>Total Receipts</i>	<u>5,255</u>	<u>5,255</u>	<u>5,291</u>	<u>36</u>
Disbursements				
Transportation	25,475	25,475	3,725	21,750
<i>Total Disbursements</i>	<u>25,475</u>	<u>25,475</u>	<u>3,725</u>	<u>21,750</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(20,220)	(20,220)	1,566	21,786
<i>Unencumbered Fund Balance Beginning of Year</i>	37,979	37,979	37,979	0
Prior Year Encumbrances Appropriated	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u><u>\$19,759</u></u>	<u><u>\$19,759</u></u>	<u><u>\$41,545</u></u>	<u><u>\$21,786</u></u>

See accompanying notes to the basic financial statements

Village of West Salem
Wayne County
Statement of Fund Net Assets - Cash Basis
Proprietary Funds
December 31, 2010

	Business-Type Activities			Total Enterprise Funds
	Water Enterprise Fund	Sewer Enterprise Fund	Enterprise Deposit Fund	
Assets				
Cash and Investments	\$163,230	\$273,285	\$50,170	\$486,685
<i>Total Assets</i>	<u>\$163,230</u>	<u>\$273,285</u>	<u>\$50,170</u>	<u>\$486,685</u>
Net Assets				
Unrestricted	\$163,230	\$273,285	\$50,170	\$486,685
<i>Total Net Assets</i>	<u>\$163,230</u>	<u>\$273,285</u>	<u>\$50,170</u>	<u>\$486,685</u>

See accompanying notes to the basic financial statements

Village of West Salem
Wayne County
Statement of Receipts, Disbursements and Changes in Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2010

	Business-Type Activities			Total Enterprise Funds
	Water Enterprise Fund	Sewer Enterprise Fund	Enterprise Deposit Fund	
Operating Receipts				
Charges for Services	\$322,231	\$288,665	\$4,800	\$615,696
<i>Total Operating Receipts</i>	<u>322,231</u>	<u>288,665</u>	<u>4,800</u>	<u>615,696</u>
Operating Disbursements				
Personal Services	55,876	66,044		121,920
Employee Fringe Benefits	11,137	26,107		37,244
Contractual Services	117,386	43,777		161,163
Supplies and Materials	44,055	11,351		55,406
Other			2,400	2,400
<i>Total Operating Disbursements</i>	<u>228,454</u>	<u>147,279</u>	<u>2,400</u>	<u>378,133</u>
<i>Operating Income (Loss)</i>	<u>93,777</u>	<u>141,386</u>	<u>2,400</u>	<u>237,563</u>
Non-Operating Receipts (Disbursements)				
Special Assessments	1,273	1,934		3,207
Miscellaneous Receipts	2,865	2,883		5,748
Capital Outlay	(20,000)	(5,702)		(25,702)
Principal Retirement	(8,000)	(16,970)		(24,970)
Interest and Other Fiscal Charges		(1,257)		(1,257)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(23,862)</u>	<u>(19,112)</u>	<u>0</u>	<u>(42,974)</u>
<i>Income (Loss) before Transfers and Advances</i>	<u>69,915</u>	<u>122,274</u>	<u>2,400</u>	<u>194,589</u>
Transfers Out	(72,180)	(37,200)		(109,380)
Advances Out	(495)			(495)
<i>Change in Net Assets</i>	<u>(2,760)</u>	<u>85,074</u>	<u>2,400</u>	<u>84,714</u>
<i>Net Assets Beginning of Year</i>	<u>165,990</u>	<u>188,211</u>	<u>47,770</u>	<u>401,971</u>
<i>Net Assets End of Year</i>	<u>\$163,230</u>	<u>\$273,285</u>	<u>\$50,170</u>	<u>\$486,685</u>

See accompanying notes to the basic financial statements

Village of West Salem
Wayne County
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2010

	<u>Agency</u>
Assets	
Cash and Investments	<u>\$2,421</u>
<i>Total Assets</i>	<u><u>\$2,421</u></u>
Net Assets	
Held for unclaimed money	\$625
Held for Mayor's court	<u>1,796</u>
<i>Total Net Assets</i>	<u><u>\$2,421</u></u>

See accompanying notes to the basic financial statements

Village of West Salem
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 1 – Reporting Entity

The Village of West Salem, Wayne 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.

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 and sewer utilities, maintenance of Village roads, park operations, community development, and police services.

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 Note 2.C, 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 (GAAP). Generally accepted accounting principles 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. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets 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.

Village of West Salem
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 2 – Summary of Significant Accounting Policies (continued)

The statement of net assets presents the cash and investment balances, and debt 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. 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. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating 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 nonoperating.

B. 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. One Village major governmental fund is the General Fund. The General Fund 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.

The Street Construction Maintenance & Repair Fund is another major fund. It is used to account for all financial resources received from license and gasoline tax. Use is restricted to street maintenance and repair.

The State Highway Fund is one other major fund. It is used to account for all financial resources received from license and gasoline tax and the use is restricted to street maintenance and repair of State routes.

Village of West Salem
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 2 – Summary of Significant Accounting Policies (continued)

The OWDA Debt Service Fund was a major fund during 2010. Revenue from grants and loans was used for the construction of a new water plant. The OWDA loan continues to be drawn down during 2011 while the Village searches for and develops a replacement well field.

The Other Construction Fund is used to account for grants and loans for various projects in the Village.

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

Proprietary Funds

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

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 and sewer funds.

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

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

Utility Deposit Fund - The utility deposit fund accounts for the residential and commercial users' deposits.

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 does not have any trust funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village's agency funds account for unclaimed money and the collections and disbursements within Mayor's Court.

C. 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.

Village of West Salem
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 2 – Summary of Significant Accounting Policies (continued)

D. 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 Clerk. 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.

E. Cash and Investments

Village records identify the purchase of specific investments in specific funds.

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". Some Village investments are not pooled.

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 2010, the Village invested in nonnegotiable certificates of deposit, a money market fund and STAR Ohio. The nonnegotiable certificates of deposit are reported at cost. The Village's money market fund investment is recorded at the amount reported by Farmers State Bank at December 31, 2010.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2010.

Village of West Salem
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 2 – Summary of Significant Accounting Policies (continued)

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 2010 were \$2,258 which includes \$1,524 assigned from other Village funds.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village has no restricted assets.

G. 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.

H. 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.

I. 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.

J. 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.

K. 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 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. 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. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

Village of West Salem
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 2 – Summary of Significant Accounting Policies (continued)

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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.

At the close of 2010, \$232,875 in net assets were restricted by enabling legislation, or other government regulations.

N. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

O. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – 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 presented for the general, street, and state highway funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$13,925 for the General Fund, \$1,196 for the Street Maintenance Fund and \$94 for the State Highway Fund.

Note 4 – Deposits and Investments

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

Village of West Salem
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 4 - Deposits and Investments (continued)

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;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
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) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Village of West Salem
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 4 - Deposits and Investments (continued)

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, none of the Village's bank balance of \$252,226 (including \$101,250 of certificates of deposit) was exposed to custodial credit risk.

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 one hundred five percent of the deposits being secured.

Investments

The Council of the Village of West Salem has authorized the Clerk-Treasurer of the Village to invest interim money in certificates of deposits or in STAR Ohio at her discretion. The Village has not established a policy regarding rate risk.

As of December 31, 2010, the Village had the following investments:

Investment Type	Carrying Value	Investment Maturities (in Years)			
		Less than 1	1-2	3-5	More than 5
Money Market	\$279,564	\$279,564			
STAR Ohio	257,441	257,441			
Total Investments	\$537,005	\$537,005	\$	\$	\$

Interest rate risk arises because the fair value of investments changes as interest rates change. The Village's investment policy addresses interest rate risk by requiring that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Village of West Salem
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 4 - Deposits and Investments (continued)

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee." The Village does not hold securities subject to custodial risk.

Note 5 – Income Taxes

The Village levies a .75 percent income tax whose proceeds are placed into the General Fund. Beginning with the fourth quarter of 2010, the Village levied an additional one quarter percent (.25 percent) for police services. The additional .25 percent is deposited into the Special Revenue Police 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 does not allow a credit of actual taxes paid to another city. 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 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2010 represent the collection of 2009 taxes. Real property taxes received in 2010 were levied after October 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value.

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 is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2009 public utility property taxes which became a lien on December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes.

The full tax rate for the year ended December 31, 2010, was \$24 per \$1,000 of assessed value, and for cemetery operations for the year ended December 31, 2010, was \$10 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2010 property tax receipts were based are as follows:

Village of West Salem
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 6 – Property Taxes (continued)

Real Property	\$17,815,890
Public Utility Property	10,066
Tangible Personal Property	310,230
Total Assessed Values	\$18,136,186

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

Note 7 – Interfund Receivables/Payables

An advance of \$495 from the Water Fund to the Special Assessment Debt Service Fund had not been repaid as of December 31, 2010.

Note 8 – Risk Management

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management (“OPRM”), are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Village participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Village does not participate in this coverage.

Village of West Salem
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 8 – Risk Management (continued)

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009, and include amounts for both OPRM and OPHC:

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members' Equity	<u>\$7,191,485</u>	<u>\$300,035</u>	<u>\$6,323,701</u>	<u>\$105,185</u>

You can read the complete audited financial statements for OPRM and OPHC at the Plan's website, www.ohioplan.org.

The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims. The Village participates in a group rating program.

The Village provides health insurance and vision coverage to two full-time employees through the Wayne County Benefit Plan.

Note 9 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

Plan Description - The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional 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 that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan. 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 plan.

Village of West Salem
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 9 – Defined Benefit Pension Plans (continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional 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 that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll. Members of the West Salem Police Department, who are all part-time, contributed to the plan as regular employees and not as law enforcement.

The Village's contribution rate for state and local members in 2010 was 14% of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2010, 2009, 2008 were \$45,767, \$42,939, and \$45,517 respectively. The full amount has been contributed for 2010, 2009, and 2008. There are no Village employees participating in the member directed plan.

Note 10 - Post employment Benefits

A. Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post employment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post employment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post employment healthcare coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post employment Benefit (OPEB) as described in GASB Statement 12. The Ohio Revised Code permits, but does not require, OPERS to provide healthcare 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 healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The post employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post employment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post employment healthcare.

Village of West Salem
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 10 - Post employment Benefits (continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2011 and 2010, state and local government employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0 percent of covered payroll for state and local government employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment healthcare benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5% from January 1, 2010 through February 28, 2010 and 5.0% from March 1, 2010 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010 and 4.23% from March 1 through December 31, 2010. The OPERS Board of Trustees 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.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or the retiree's 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 healthcare plan.

The Village's contributions allocated to fund post employment healthcare benefits for the years ended December 31, 2010, 2009, and 2008, were \$22,884, \$21,469, and \$22,759 respectively. The full amount has been contributed for 2010, 2009, and 2008.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

Note 11 - Notes Payable

A summary of the note transactions for the year ended December 31, 2010 follows:

<u>Business-Type Activities</u>	<u>Interest Rate</u>	<u>Balance December 31, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2010</u>
2006 Issue	5.25%	\$31,783	\$0	\$ 16,970	\$14,813

The 2006 note was issued to retire a prior note. The original issue was for the construction of sanitary sewer system improvements. All note proceeds had been spent prior to December 31, 2001. The note is backed by the full faith and credit of the Village and matures within five years of issue. The Village has and will continue to make equal monthly payments of \$1,519 until the note is retired, which will be in 2011.

Village of West Salem
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 12 – Long-Term Debt

The Village's long-term debt activity for the year ended December 31, 2010 was as follows:

	Avg. Interest Rate	Balance December 31, 2009	Additions	Reductions	Balance December 31, 2010	Due Within One Year
<u>Business-type Activities</u>						
Combined OWDA Loans	4.09%	\$1,721,899	\$220,155	\$50,140	\$1,891,914	\$69,560
Combined OPWC Loans	0%	\$48,000		\$8,000	\$40,000	\$8,000
Total Business-type Activities		\$1,769,899	\$220,155	\$58,140	\$1,931,914	\$77,560

Additions include \$11,283 of capitalized interest. Two of the Ohio Water Development Authority (OWDA) loans relate to sewer system projects that were mandated by the Ohio Environmental Protection Agency. A third loan was for a water system extension project. The fourth loan financed the water plant design and construction. Although the Village has not drawn the full amount of the water plant construction loan, payments for the water plant construction loan began in December 2010.

The water plant loan and sewer project loans are being paid from utility collections. The water line extension loan is financed by a special assessment. The loans are being repaid in semi-annual installments which, during 2010 totaled, including interest, \$75,788. Except for the Water Plant loan, OWDA loans have been set up for repayment over a maximum of 20 years. The Water Plant loan will be repaid over 30 years. The Sewer Lift Station loan will be paid in full July 2011.

During 2011, the Village expects to finish drawing the balance of the loan, as it locates and tests a replacement well field for the failed field at the new water plant.

The Ohio Public Works Commission (OPWC) loan was for the construction of a water tower. The loan is being repaid in semiannual installments of \$4,000 which is for principal only. The loan is a zero percent interest loan. The Water Tower loan will be paid in full in 2016.

The following is a summary of the Village's future annual debt service requirements:

Year	G.O. Notes		OWDA Loans		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$14,813	\$357	\$13,929	\$5,821	\$8,000	\$
2012			19,156	10,882	8,000	
2013			19,947	10,090	8,000	
2014			20,773	9,265	8,000	
2015			21,633	8,405	8,000	
2016–2120			109,839	29,115		
2021–2024			89,380	7,014		
Totals	\$14,813	\$357	\$294,657	\$80,592	\$40,000	\$

Village of West Salem
Notes to the Financial Statements
For the Year Ended December 31, 2010

Note 12 – Long-Term Debt (continued)

The amortization schedule is not available for the Water Plant loan. Therefore, OWDA loans above do not include these amounts.

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, 2010, were an overall debt margin of \$1,904,299 and an unvoted debt margin of \$997,490.

Note 13 – Leases

During 2010, the Village initiated a lease-purchase agreement for a 2010 cruiser. The Village disbursed \$13,452 to make the down payment and to pay lease invoices for the year ended December 31, 2010. The lease/purchase agreement will be paid in full with the December 2012 payment.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 4,100	\$ 503
2012	<u>4,403</u>	<u>200</u>
Total	<u>\$ 8,503</u>	<u>\$ 703</u>

Note 14 – Interfund Transfers

Transfers represent the allocation of unrestricted receipts collected to finance various programs accounted for in other funds or to pay debt in accordance with budgetary authorizations.

Transfers:		
From Sewer Fund to OWDA Debt Service		\$ 37,200
From Water Fund to OWDA Debt Service		<u>72,180</u>
Total Transfers		<u>\$109,380</u>

\$495 was advanced from the Water Fund to the Special Assessment Debt Service Fund to make up for a shortfall in special assessment collections. This amount will be advanced back after delinquent property taxes have been collected.

Note 15 – Contingent Liabilities

Management believes there are no pending claims or lawsuits.

Note 16 – Subsequent Events

In 2002, the Village constructed several wells with funds that were obtained through grants from the Ohio Public Works Commission and Community Development Block Grant programs. These wells were opened in February of 2010, but subsequently closed in July of 2010 because there was an insufficient amount of water for the Village's usage. If the Village is unable to use the equipment and structures built in 2002, it may have to repay approximately \$870,000 in grant money to various agencies.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Village of West Salem
Wayne County
P.O. Box 256
West Salem, OH 44287

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of West Salem, Wayne County, Ohio (the Village) as of and for the year ended December 31, 2010 and have issued our report thereon dated July 12, 2012, wherein we noted the Village uses the cash basis of accounting rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-WestSalem-01 described in the accompanying schedule of findings to be a material weakness.

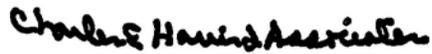
Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 12, 2012.

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



Charles E. Harris and Associates, Inc.
July 12, 2012

VILLAGE OF WEST SALEM
WAYNE COUNTY, OHIO

SCHEDULE OF FINDINGS
December 31, 2010

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</p>
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Finding Number 2010-WestSalem-01 Material Weakness

The Village of West Salem continued to draw down on a loan during the audit period from the Ohio Water Development Authority (OWDA) that was directly paid to contractors. OWDA actual disbursements were \$208,872 but \$41,486 was inadvertently double recorded in the records. This amount was corrected in the financial statements.

In addition, the Village incorrectly recorded certain transactions, such as a general government expense that was recorded as a transfer and other transactions that were reclassified to more accurate accounts in the financial statements.

Also, during our review of the compiled financial statements, we noted that certain information as required by the Governmental Accounting Standards Board and the Auditor of State were not accurately updated. We noted that the Table of Net Assets, the Table of Changes in Net Assets and the Table of Governmental Activities in the MD&A were not updated properly. Further, in the footnotes to the financial statements, certain accounting policies, deposits and investments, property tax, risk management, OPERS, debt and amortization schedules were not properly updated for the current year.

We recommend that the Village properly record all direct payments of loans in the financial statements with a corresponding entry to capital outlay. Also, we recommend all other miscellaneous activity be scrutinized and recorded in the proper accounts in the future. Village management should use the Village Officers' Handbook and other Auditor of State guidance for proper account classification.

Also, we recommend that the Village update the required information, such as the Management Discussion and Analysis and the footnotes to the financial statements in the future. Village management should use the Auditor of State website or a licensed consulting firm for guidance for proper updating required information.

Management's Response:

The Village will endeavor in the future to comply with the recommendations presented in the finding.

**VILLAGE OF WEST SALEM
WAYNE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2010**

The prior audit report, for the year ending December 31, 2009, reported no material citations or recommendations.



Dave Yost • Auditor of State

VILLAGE OF WEST SALEM

WAYNE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 29, 2012