

VILLAGE OF WEST MANSFIELD

LOGAN COUNTY, OHIO

AUDIT REPORT

For the Years Ended December 31, 2013 and 2012





Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of West Mansfield, Logan County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2012 through December 31, 2013. 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 Mansfield is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

July 14, 2014

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**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2013 and 2012**

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

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of West Mansfield, Logan County, Ohio (the Village), as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

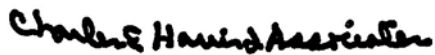
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2013 and 2012, or changes in financial position or cash flows for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of West Mansfield, Logan County, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2014, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
May 30, 2014

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2013**

	Governmental Fund Types			Totals- (Memorandum Only)
	General	Special Revenue	Capital Projects	
Receipts:				
Property Taxes	\$ 74,315	\$ -	\$ 41,280	\$ 115,595
Municipal Income Tax	34,819	-	-	34,819
Intergovernmental	55,950	34,213	53,597	143,760
Fines, Licenses and Permits	4,663	-	-	4,663
Interest	1,539	54	-	1,593
Other	1,825	628	-	2,453
Total Receipts	173,111	34,895	94,877	302,883
Disbursements:				
Current:				
Security of Persons & Property	-	19,670	-	19,670
Public Health Service	4,140	-	-	4,140
Leisure Time Activities	10,271	1,250	-	11,521
Community Environment	2,946	-	-	2,946
Transportation	-	55,318	-	55,318
General Government	74,616	2,850	1,161	78,627
Capital Outlay	-	-	77,581	77,581
Debt Service:				
Principal	-	8,037	-	8,037
Interest	-	678	-	678
Total Disbursements	91,973	87,803	78,742	258,518
Total Receipts Over/(Under) Disbursements	81,138	(52,908)	16,135	44,365
Other Financing Receipts/(Disbursements)				
Transfers In	-	23,215	-	23,215
Transfers Out	(23,215)	-	-	(23,215)
Total Other Financing Receipts/(Disbursements)	(23,215)	23,215	-	-
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements:	57,923	(29,693)	16,135	44,365
Fund Cash Balance, January 1, 2013	60,037	92,599	375,124	527,760
Restricted	-	62,906	391,259	454,165
Assigned	1,524	-	-	1,524
Unassigned	116,436	-	-	116,436
Fund Cash Balance, December 31, 2013	\$ 117,960	\$ 62,906	\$ 391,259	\$ 572,125

See Accompanying Notes to the Financial Statements.

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES -PROPRIETARY FUND TYPE
For the Year Ended December 31, 2013**

	Enterprise
Operating Receipts:	
Charges for Services	\$ 476,147
Other	4,296
	480,443
Total Operating Receipts	480,443
Operating Disbursements:	
Personal Services	57,515
Employee Fringe Benefits	12,765
Contractual Services	37,980
Supplies and Materials	66,797
Other	1,400
	176,457
Total Operating Disbursements	176,457
Operating Income	303,986
Non-Operating Receipts/(Disbursements):	
Capital Outlay	(2,350)
Debt Service:	
Principal Retirement	(85,802)
Interest and Fiscal Charges	(99,931)
	(188,083)
Total Nonoperating Receipts/(Disbursements)	(188,083)
Excess of Receipts and Nonoperating Receipts Over/(Under) Disbursements and Nonoperating Disbursements Before Transfers	115,903
Transfers In	186,000
Transfers Out	(186,000)
	115,903
Net Change in Fund Cash Balances	115,903
Fund Cash Balance, January 1, 2013	226,770
Fund Cash Balance, December 31, 2013	\$ 342,673

See Accompanying Notes to the Financial Statements.

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2012**

	Governmental Fund Types			Totals- (Memorandum Only)
	General	Special Revenue	Capital Projects	
Receipts:				
Property Taxes	\$ 76,239	\$ -	\$ 42,334	\$ 118,573
Intergovernmental	46,100	32,706	7,931	86,737
Fines, Licenses and Permits	4,732	-	-	4,732
Interest	1,457	11	-	1,468
Other	808	-	-	808
Total Receipts	129,336	32,717	50,265	212,318
Disbursements:				
Current:				
Security of Persons & Property	-	19,457	-	19,457
Public Health Service	4,165	-	-	4,165
Leisure Time Activities	10,728	-	-	10,728
Community Environment	2,710	-	-	2,710
Transportation	-	55,780	-	55,780
General Government	75,402	2,940	1,614	79,956
Capital Outlay	-	2,997	6,086	9,083
Debt Service:				
Principal Retirement	-	7,640	-	7,640
Interest and Fiscal Charges	-	1,075	-	1,075
Total Disbursements	93,005	89,889	7,700	190,594
Total Receipts Over/(Under) Disbursements	36,331	(57,172)	42,565	21,724
Other Financing Receipts/(Disbursements)				
Transfers In	-	47,900	-	47,900
Transfers Out	(47,900)	-	-	(47,900)
Total Other Financing Receipts/(Disbursements)	(47,900)	47,900	-	-
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(11,569)	(9,272)	42,565	21,724
Fund Cash Balance, January 1, 2012	71,606	101,871	332,559	506,036
Restricted	-	92,599	375,124	467,723
Assigned	735	-	-	735
Unassigned	59,302	-	-	59,302
Fund Cash Balance, December 31, 2012	\$ 60,037	\$ 92,599	\$ 375,124	\$ 527,760

See Accompanying Notes to the Financial Statements.

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES -PROPRIETARY FUND TYPE
For the Year Ended December 31, 2012**

	Enterprise
Operating Receipts:	
Charges for Services	\$ 474,548
Other	2,850
	477,398
Total Operating Receipts	477,398
Operating Disbursements:	
Personal Services	56,997
Employee Fringe Benefits	10,923
Contractual Services	50,792
Supplies and Materials	54,316
Other	2,800
	175,828
Total Operating Disbursements	175,828
Operating Income	301,570
Non-Operating Receipts/(Disbursements):	
Capital Outlay	(17,495)
Debt Service:	
Principal Retirement	(82,829)
Interest and Fiscal Charges	(102,689)
	(203,013)
Total Nonoperating Receipts/(Disbursements)	(203,013)
Excess of Receipts and Nonoperating Receipts Over/(Under) Disbursements and Nonoperating Disbursements Before Transfers	98,557
Transfers In	175,116
Transfers Out	(175,116)
	98,557
Net Change in Fund Cash Balances	98,557
Fund Cash Balance, January 1, 2012	128,213
Fund Cash Balance, December 31, 2012	\$ 226,770

See Accompanying Notes to the Financial Statements.

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of West Mansfield, Logan County (the Village) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six member Council. The Village provides general governmental services, street maintenance, police and fire protection, park operations, and water and sewer services for its citizens. The Village contracts with the Logan County Sheriff's department to provide security of persons and property.

The Village's management believes these financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The Village prepares its financial statements following the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved.)

The statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. CASH

Investments are included in the fund cash balances. 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 disbursements, respectively.

D. 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 recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

Governmental Fund Types:

General Fund: The general operating fund of the Village. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds: These funds are used to account for proceeds from special sources (other than from trusts or for capital projects) that are restricted to expenditures for specific purposes. The Village has the following significant Special Revenue fund:

- Street Construction Maintenance & Repair Fund- This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

Capital Project Funds: These funds account for receipts that are restricted for the acquisition of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Projects Funds:

- Capital Street Repair Fund – This fund receives property tax money from the State for repair and maintenance of Village streets.
- Capital 97 Water Plant Fund - This fund receives property tax and grant money for repair and maintenance of the Village's water system.
- Capital Fire/Tower Fund - This fund receives property tax money for repair and maintenance of the Village's fire tower.

Proprietary Fund Types:

Enterprise Funds: To account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

The Village has the following significant Enterprise Funds:

- Sewer Fund- This fund receives loans and grants for the planning construction of a wastewater collection system as well as user fees from residents for the operation of the system.
- Water Fund- This fund receives loans and grants for the planning construction of a water distribution system as well as user fees for the operation of the system.
- Debt Service-Bond Debt Fund – This fund collects a sewer surcharge to repay bond debt.
- Water Plant Renovation Fund – This fund received OWDA loan proceeds and federal grant money for the renovation project of its water plant. This fund also collects user charges as additional funding for the project.

E. BUDGETARY PROCESS

The Ohio Revised Code requires that each fund be budgeted annually. A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the Village Council, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

2. Estimated Resources

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

VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS - (Continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2013 and 2012 budgetary activity appears in Note 4.

F. FUND BALANCE

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources.

1. Nonspendable- The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.
2. Restricted- Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.
3. Committed- The Village Council can commit amounts via formal action (resolution or ordinance). The Village must adhere to these commitments unless the Council amends the resolution or ordinance. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.
4. Assigned- Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restrict or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Village Council.
5. Unassigned- Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. FUND BALANCE – (Continued)

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

G. PROPERTY, PLANT AND EQUIPMENT

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

H. ACCUMULATED LEAVE

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

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The Village maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2013</u>	<u>2012</u>
Demand Deposits	\$884,798	\$724,530
Certificates of Deposit	<u>30,000</u>	<u>30,000</u>
Total Deposits	<u>\$914,798</u>	<u>\$754,530</u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

3. PROPERTY TAXES

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation.

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

3. PROPERTY TAXES – (Continued)

Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31.

If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

<u>Fund:</u>	<u>2013 Budgeted vs Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General Fund	\$ 170,825	\$ 173,111	\$ 2,286
Special Revenue Funds	69,800	58,110	(11,690)
Capital Projects Funds	176,000	94,877	(81,123)
Enterprise Fund	638,000	666,443	28,443

<u>Fund:</u>	<u>2013 Budgeted vs Actual Budgetary Basis Disbursements</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General Fund	\$ 148,032	\$ 116,712	\$ 31,320
Special Revenue Funds	100,057	87,803	12,254
Capital Projects Funds	260,675	78,742	181,933
Enterprise Fund	622,627	550,540	72,087

<u>Fund:</u>	<u>2012 Budgeted vs Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General Fund	\$ 130,525	\$ 129,336	\$ (1,189)
Special Revenue Funds	77,800	80,617	2,817
Capital Projects Funds	198,700	50,265	(148,435)
Enterprise Fund	613,698	652,514	38,816

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

4. BUDGETARY ACTIVITY – (Continued)

<u>2012 Budgeted vs Actual Budgetary Basis Disbursements</u>			
<u>Fund:</u>	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General Fund	\$ 155,930	\$ 141,640	\$ 14,290
Special Revenue Funds	96,700	89,889	6,811
Capital Projects Funds	155,675	7,700	147,975
Enterprise Fund	634,348	553,957	80,391

5. RETIREMENT SYSTEM

The Village’s employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a state operated, cost sharing, multiple employer plan. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are prescribed by the Ohio Revised Code. For 2013 and 2012 OPERS, members contributed 10.00% of their gross pay while the Village contributed an amount equal to 14.00% of covered payroll. The Village paid all required contributions through 2013.

6. RISK MANAGEMENT

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

RISK POOL MEMBERSHIP

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) formerly known as the Ohio Government Risk Management Plan (“the “Plan”), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan was legally separate from its member governments.

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.

OPRM coverage programs 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 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty.

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

6. RISK MANAGEMENT - (Continued)

RISK POOL MEMBERSHIP – (Continued)

Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan’s property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions.

Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011 respectively.

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 amount did not exceed insurance coverage for the past three years.

The Pool’s audited financial statements (audited by other accountants) conform to generally accepted accounting principles, and reported the following assets, liabilities and member’s equity at December 31, 2012 and 2011 (the latest information available):

	2012	2011
Assets	\$13,100,381	\$12,501,280
Liabilities	(6,687,193)	(5,328,761)
Members’ Equity	\$6,413,188	\$7,172,519

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

All employees of the Village are covered by a blanket bond, while certain individuals in policy-making roles are covered by separate, higher limit bond coverage.

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

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

7. DEBT

Debt outstanding at December 31, 2013 is as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #2132	\$ 51,591	5.86%
Ohio Water Development Authority Loan #4263	1,299,439	5.0%
Ohio Public Works Commission Loan #CT39G	31,249	0.0%
USDA Loans	1,365,300	5.0%
Truck Loan	9,236	5.0%
Total	<u>\$ 2,756,815</u>	

The USDA loans were issued to refinance Sanitary Sewer System Revenue Mortgage Bonds issued for the construction of a sewer system that was mandated by the Ohio Environmental Protection Agency. The loans will be retired with user service charges. Interest is paid annually and all bonds will have matured by 2037.

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

In 2005 Ohio Water Development authority (OWDA) loan for the water system relates to the renovation of the water treatment plant. In 2005 the OWDA approved up to \$1,757,033 in loans to the Village for this project. The OWDA finalized the loan at a total amount of \$1,613,018 and released a payment schedule that has been determined by the final loan amount. The Village is required to make payments until January 1, 2036. The loan will be retired with user service charges.

The 2005 Ohio Public Works Commission (OPWC) loan for the water system relates to renovation of the water treatment plant. The Village is required to make payments until January 1, 2026. The loan will be retired with user service charges.

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2013 and 2012**

7. DEBT – (Continued)

Principal and interest requirements for loans outstanding at December 31, 2013 are as follows:

Year Ending December 31:	USDA loan	OWDA loans	OPWC loan	Truck Loan
2014	\$98,865	\$84,203	\$2,500	\$8,715
2015	98,395	84,203	2,500	728
2016	99,025	84,203	2,500	-
2017	99,030	84,203	2,500	
2018	98,850	84,203	2,500	
2019-2023	494,665	360,010	12,500	-
2024-2028	494,790	360,010	6,249	-
2029-2033	494,790	360,010	-	-
2034-2037	395,720	324,009	-	-
Total	<u>\$2,374,130</u>	<u>\$1,825,054</u>	<u>\$31,249</u>	<u>\$9,443</u>

8. FISCAL EMERGENCY

On August 13, 2009 the Village was declared to be in a state of fiscal emergency by the Auditor of State pursuant to Ohio Revised Code Section 188.04. The Village Council approved its financial plan and guideline to exit fiscal emergency on November 30, 2009 and submitted it to the Auditor of State per the Ohio Revised Code.

It has not been determined when the Village will exit fiscal emergency.

9. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

The Village enacted an income tax of 1.00 percent with the revenue to benefit the general fund effective January 1, 2013.

Management believes there are no pending claims or lawsuits.

10. TRANSFERS

Transfers are made from the General Fund to the Special Revenue-Street Maintenance Fund periodically to complete various street projects throughout the year. Also, transfers are made from the Enterprise-Water Operating and Sewer Operating funds to the various debt service and reserve funds for debt payments and to reserve monies for future capital purchases. All transfers were made in accordance with the Ohio Revised Code.

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

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

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

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of West Mansfield, Logan County (the Village), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated May 30, 2014 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Controls Over Financial Reporting

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

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

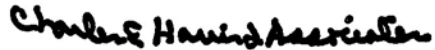
Compliance and Other Matters

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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We noted a certain matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 30, 2014.

Purpose of this Report

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



Charles E. Harris & Associates, Inc.
May 30, 2014

**VILLAGE OF WEST MANSFIELD
 LOGAN COUNTY, OHIO
 SCHEDULE OF PRIOR AUDIT FINDINGS
 For the Year Ended December 31, 2013 and 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2011-WMAN-01	Ohio Rev. Code, Section 5705.39- Appropriations exceeded estimated resources	Yes	
2011-WMAN-02	Accounting Error – Adjustment not made	Yes	



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
JULY 24, 2014