

***VILLAGE OF WEST MANSFIELD***

**LOGAN COUNTY, OHIO**

**AUDIT REPORT**

**For the Years Ended December 31, 2015 and 2014**







# 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, 2014 through December 31, 2015. 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 18, 2016

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**VILLAGE OF WEST MANSFIELD  
LOGAN COUNTY, OHIO  
Audit Report  
For the Years Ended December 31, 2015 and 2014**

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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 of the cash balances, receipts and disbursements by fund type and the related notes of the Village of West Mansfield, Logan County, Ohio (the Village) as of and for the years ended December 31, 2015 and 2014.

***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 these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***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, 2015 and 2014, or changes in financial position or cash flows thereof 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, 2015 and 2014, 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.

***Emphasis of Matter***

As discussed in Note 9 to the financial statements, in 2009 the Village was declared to be in a state of fiscal emergency by the Auditor of State. The Village is expected to exit fiscal emergency in August 2016. Our opinion is not modified with respect to this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2016, 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 23, 2016

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, 2015

	Governmental Fund Types			Totals- (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Receipts:</b>				
Property Taxes	\$ 12,718	\$ -	\$ 30,039	\$ 42,757
Municipal Income Tax	89,558	-	-	89,558
Intergovernmental	31,092	33,864	91,478	156,434
Fines, Licenses and Permits	4,402	-	-	4,402
Interest	913	88	-	1,001
Other	12,057	-	-	12,057
<b>Total Receipts</b>	<b>150,740</b>	<b>33,952</b>	<b>121,517</b>	<b>306,209</b>
<b>Disbursements:</b>				
<b>Current:</b>				
Security of Persons & Property	1,611	21,028	-	22,639
Public Health Service	4,124	-	-	4,124
Leisure Time Activities	10,137	-	-	10,137
Community Environment	3,663	-	-	3,663
Transportation	-	54,125	-	54,125
General Government	71,540	2,941	898	75,379
Capital Outlay	1,875	-	130,653	132,528
<b>Debt Service:</b>				
Principal	-	725	-	725
Interest	-	3	-	3
<b>Total Disbursements</b>	<b>92,950</b>	<b>78,822</b>	<b>131,551</b>	<b>303,323</b>
<b>Excess of Receipts Over/(Under) Disbursements</b>	<b>57,790</b>	<b>(44,870)</b>	<b>(10,034)</b>	<b>2,886</b>
<b>Other Financing Receipts/(Disbursements)</b>				
OPWC Loan Proceeds	-	-	21,195	21,195
Transfers In	-	24,500	-	24,500
Transfers Out	(24,500)	-	-	(24,500)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(24,500)</b>	<b>24,500</b>	<b>21,195</b>	<b>21,195</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>33,290</b>	<b>(20,370)</b>	<b>11,161</b>	<b>24,081</b>
<b>Fund Cash Balance, January 1, 2015</b>	<b>122,436</b>	<b>38,801</b>	<b>375,092</b>	<b>536,329</b>
Restricted	-	18,431	386,253	404,684
Assigned	708	-	-	708
Unassigned	155,018	-	-	155,018
<b>Fund Cash Balance, December 31, 2015</b>	<b>\$ 155,726</b>	<b>\$ 18,431</b>	<b>\$ 386,253</b>	<b>\$ 560,410</b>

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, 2015**

	<b>Enterprise</b>
<b>Operating Receipts:</b>	
<b>Charges for Services</b>	<b>\$ 468,813</b>
<b>Total Operating Receipts</b>	<b>468,813</b>
<b>Operating Disbursements:</b>	
Personal Services	63,479
Employee Fringe Benefits	12,950
Contractual Services	36,064
Supplies and Materials	69,742
Other	2,200
<b>Total Operating Disbursements</b>	<b>184,435</b>
<b>Operating Income</b>	<b>284,378</b>
<b>Non-Operating Receipts/(Disbursements):</b>	
Intergovernmental	260,000
OWDA Loan Proceeds	225,217
Capital Outlay	(527,435)
<b>Debt Service:</b>	
Principal Retirement	(91,589)
Interest and Fiscal Charges	(94,049)
<b>Total Nonoperating Receipts/(Disbursements)</b>	<b>(227,856)</b>
<b>Excess of Receipts and Nonoperating Receipts Over/(Under) Disbursements and Nonoperating Disbursements Before Transfers</b>	<b>56,522</b>
Transfers In	185,703
Transfers Out	(185,703)
<b>Net Change in Fund Cash Balances</b>	<b>56,522</b>
<b>Fund Cash Balance, January 1, 2015</b>	<b>413,486</b>
<b>Fund Cash Balance, December 31, 2015</b>	<b>\$ 470,008</b>

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, 2014

	Governmental Fund Types			Totals- (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Receipts:</b>				
Property Taxes	\$ 13,102	\$ -	\$ 30,941	\$ 44,043
Municipal Income Tax	85,317	-	-	85,317
Intergovernmental	26,584	34,550	21,888	83,022
Fines, Licenses and Permits	4,286	-	-	4,286
Interest	1,147	72	-	1,219
Other	2,237	996	-	3,233
<b>Total Receipts</b>	<b>132,673</b>	<b>35,618</b>	<b>52,829</b>	<b>221,120</b>
<b>Disbursements:</b>				
<b>Current:</b>				
Security of Persons & Property	-	21,749	-	21,749
Public Health Service	4,100	-	-	4,100
Leisure Time Activities	11,368	-	-	11,368
Community Environment	3,946	-	-	3,946
Transportation	-	55,773	-	55,773
General Government	77,783	2,941	908	81,632
Capital Outlay	-	1,545	68,088	69,633
<b>Debt Service:</b>				
Principal Retirement	-	8,511	-	8,511
Interest and Fiscal Charges	-	204	-	204
<b>Total Disbursements</b>	<b>97,197</b>	<b>90,723</b>	<b>68,996</b>	<b>256,916</b>
<b>Excess of Receipts Over/(Under) Disbursements</b>	<b>35,476</b>	<b>(55,105)</b>	<b>(16,167)</b>	<b>(35,796)</b>
<b>Other Financing Receipts/(Disbursements)</b>				
Transfers In	-	31,000	-	31,000
Transfers Out	(31,000)	-	-	(31,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(31,000)</b>	<b>31,000</b>	<b>-</b>	<b>-</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>4,476</b>	<b>(24,105)</b>	<b>(16,167)</b>	<b>(35,796)</b>
<b>Fund Cash Balance, January 1, 2014</b>	<b>117,960</b>	<b>62,906</b>	<b>391,259</b>	<b>572,125</b>
Restricted	-	38,801	375,092	413,893
Assigned	716	-	-	716
Unassigned	121,720	-	-	121,720
<b>Fund Cash Balance, December 31, 2014</b>	<b>\$ 122,436</b>	<b>\$ 38,801</b>	<b>\$ 375,092</b>	<b>\$ 536,329</b>

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, 2014**

	<b>Enterprise</b>
<b>Operating Receipts:</b>	
Charges for Services	\$ 476,797
Other	10,645
	<b>487,442</b>
<b>Total Operating Receipts</b>	<b>487,442</b>
<b>Operating Disbursements:</b>	
Personal Services	59,065
Employee Fringe Benefits	12,222
Contractual Services	44,247
Supplies and Materials	75,628
Other	1,378
	<b>192,540</b>
<b>Total Operating Disbursements</b>	<b>192,540</b>
<b>Operating Income</b>	<b>294,902</b>
<b>Non-Operating Receipts/(Disbursements):</b>	
Capital Outlay	(38,521)
Debt Service:	
Principal Retirement	(88,521)
Interest and Fiscal Charges	(97,047)
	<b>(224,089)</b>
<b>Total Nonoperating Receipts/(Disbursements)</b>	<b>(224,089)</b>
<b>Excess of Receipts and Nonoperating Receipts Over/(Under) Disbursements and Nonoperating Disbursements Before Transfers</b>	<b>70,813</b>
Transfers In	185,405
Transfers Out	(185,405)
	<b>70,813</b>
<b>Net Change in Fund Cash Balances</b>	<b>70,813</b>
<b>Fund Cash Balance, January 1, 2014</b>	<b>342,673</b>
<b>Fund Cash Balance, December 31, 2014</b>	<b>\$ 413,486</b>

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, 2015 and 2014**

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 present all activities for which the Village is financially accountable.

B. BASIS OF ACCOUNTING

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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, 2015 and 2014**

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, 2015 and 2014**

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, 2015 and 2014**

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 2015 and 2014 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, 2015 and 2014**

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>2015</u>	<u>2014</u>
Demand Deposits	\$1,000,418	\$919,815
Certificates of Deposit	<u>30,000</u>	<u>30,000</u>
Total Deposits	<u>\$1,030,418</u>	<u>\$949,815</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, 2015 and 2014**

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, 2015 and 2014 follows:

<u>Fund:</u>	<u>2015 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$134,200	\$ 150,740	\$ 16,540
Special Revenue Funds	68,400	58,452	(9,948)
Capital Projects Funds	218,700	142,712	(75,988)
Enterprise Fund	1,280,400	1,139,733	(140,667)

<u>Fund:</u>	<u>2015 Budgeted vs Actual Budgetary Basis Disbursements</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	
General Fund	\$143,601	\$118,158	\$ 25,443
Special Revenue Funds	91,831	79,981	11,850
Capital Projects Funds	360,205	132,193	228,012
Enterprise Fund	1,255,949	1,087,061	168,888

<u>Fund:</u>	<u>2014 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$ 162,500	\$ 132,673	\$ (29,827)
Special Revenue Funds	73,800	66,618	(7,182)
Capital Projects Funds	209,100	52,829	(156,271)
Enterprise Fund	958,500	672,847	(285,653)

**VILLAGE OF WEST MANSFIELD  
LOGAN COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2015 and 2014**

4. BUDGETARY ACTIVITY – (Continued)

<u>2014 Budgeted vs Actual Budgetary Basis Disbursements</u>			
<u>Fund:</u>	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General Fund	\$ 153,574	\$ 128,913	\$ 24,661
Special Revenue Funds	98,235	91,886	6,349
Capital Projects Funds	134,966	68,996	65,970
Enterprise Fund	656,138	603,693	52,445

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 2015 and 2014 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 2015.

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 is 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, 2015 and 2014**

6. RISK MANAGEMENT - (Continued)

RISK POOL MEMBERSHIP – (Continued)

Effective November 1, 2012 (and through October 2014) 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 774 and 783 members as of December 31, 2013 and 2014 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 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 equity at December 31, 2013 and 2014 (the latest information available).

	<b>2013</b>	<b>2014</b>
Assets	\$13,774,304	\$14,830,185
Liabilities	(7,968,395)	(8,942,504)
Members’ Equity	\$5,805,909	\$5,887,681

You can read the complete audited financial statements for OPRM at the Plan’s website, [www.ohioplan.org](http://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, 2015 and 2014**

7. DEBT

Debt outstanding at December 31, 2015 is as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #2132	\$ 32,697	5.86%
Ohio Water Development Authority Loan #4263	1,206,023	5.0%
Ohio Water Development Authority Loan #6938	225,217	0.57%
Ohio Public Works Commission Loan #CT39G	26,249	0.0%
Ohio Public Works Commission Loan #CT65P	21,195	0.0%
USDA Loans	1,302,500	5.0%
Total	<u>\$ 2,813,881</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 #2132 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 #4263 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.

In 2015 the Ohio Water Development Authority (OWDA) authorized loan #6938 for \$344,000 at 0.57% annual interest for a lime sludge storage facility related to the water treatment plant. The project was not complete at the date of this report.

The 2005 Ohio Public Works Commission (OPWC) loan #CT39G 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.

In 2015 the Ohio Public Works Commission (OPWC) authorized loan #CT65P for well construction treatment plant. The project was not complete at the date of this report.

**VILLAGE OF WEST MANSFIELD  
LOGAN COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2015 and 2014**

7. DEBT – (Continued)

Principal and interest requirements for loans outstanding at December 31, 2015 are as follows (Amortization schedules for OWDA loan #6938 and OPWC loan #CT65P have not been determined and are not included in the following schedule):

Year Ending	USDA	OWDA	OPWC
December 31:	loan	loans	loan
2016	\$99,025	\$83,594	\$2,500
2017	99,030	83,786	2,500
2018	98,850	83,988	2,500
2019	98,990	72,002	2,500
2020	98,930	72,002	2,500
2021-2025	464,695	360,010	12,500
2026-2030	494,780	360,010	1,249
2031-2035	494,765	360,010	-
2036-2037	197,805	36,001	-
Total	<u>\$2,146,870</u>	<u>\$1,511,403</u>	<u>\$26,249</u>

8. INCOME TAX

The Village levies an income tax of 1.00 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Regional Income Tax Agency (RITA) which collects and processes the tax for the Village. Businesses within the Village also remit income taxes levied on their profits to RITA. RITA remits payments to the Village monthly for taxes collected less administrative fees.

9. 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.

The Village is expected to exit fiscal emergency in August 2016.

**VILLAGE OF WEST MANSFIELD**  
**LOGAN COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2015 and 2014**

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.

11. CONTINGENT LIABILITIES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

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614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

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

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

Village of West Mansfield  
Logan County  
127 North Main Street  
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 cash balances, receipts, and disbursements by fund type of the Village of West Mansfield, Logan County (the Village), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated May 27, 2016 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit and was in fiscal emergency.

**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*.

### **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 27, 2016

**VILLAGE OF WEST MANSFIELD  
LOGAN COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Years Ended December 31, 2015 and 2014**

The prior report, for the two years ending December 31, 2013, reported no material citations or recommendations.

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# 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 28, 2016