

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO**

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016





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, 2016 through December 31, 2017. 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

August 13, 2018

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**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2017 and 2016**

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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 related notes of the Village of West Mansfield, Logan County, (the Village) as of and for the years ended December 31, 2017 and 2016.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating of the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 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 (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determined, 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

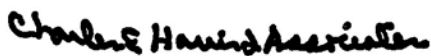
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2017 and 2016, and the respective 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 cash balances, receipts and disbursements by fund type, and the related notes of the Village of West Mansfield, Logan County, as of December 31, 2017 and 2016, 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2018, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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.
June 30, 2018

VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
All Governmental Fund Types
For the Year Ended December 31, 2017

	Governmental Fund Types			Totals- (Memorandum Only)
	General	Special Revenue	Capital Projects	
Receipts:				
Property Taxes	\$ 40,663	\$ -	\$ -	\$ 40,663
Municipal Income Tax	126,710	-	-	126,710
Intergovernmental	34,366	45,361	-	79,727
Fines, Licenses and Permits	5,377	-	-	5,377
Interest	1,078	130	-	1,208
Miscellaneous	7,808	-	-	7,808
Total Receipts	216,002	45,491	-	261,493
Disbursements:				
Current:				
Security of Persons & Property	20,186	4,844	-	25,030
Public Health Service	4,452	-	-	4,452
Leisure Time Activities	14,310	-	-	14,310
Community Environment	3,180	-	-	3,180
Transportation	-	53,469	-	53,469
General Government	75,761	3,109	-	78,870
Capital Outlay	2,103	-	30,303	32,406
Total Disbursements	119,992	61,422	30,303	211,717
Excess of Receipts Over/(Under) Disbursements	96,010	(15,931)	(30,303)	49,776
Other Financing Receipts/(Disbursements)				
OPWC Loan Proceeds	-	-	16,656	16,656
Transfers In	-	21,795	-	21,795
Transfers Out	(21,795)	-	-	(21,795)
Total Other Financing Receipts/(Disbursements)	(21,795)	21,795	16,656	16,656
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	74,215	5,864	(13,647)	66,432
Fund Cash Balance, January 1, 2017	214,467	14,706	345,402	574,575
Fund Cash Balance, December 31, 2017				
Restricted	-	20,570	331,755	352,325
Assigned	36,725	-	-	36,725
Unassigned	251,957	-	-	251,957
Fund Cash Balance, December 31, 2017	\$ 288,682	\$ 20,570	\$ 331,755	\$ 641,007

See Accompanying Notes to the Financial Statements.

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
For the Year Ended December 31, 2017**

	Enterprise
Operating Receipts:	
Charges for Services	\$ 496,191
Miscellaneous	2,900
	499,091
Total Operating Receipts	499,091
Operating Disbursements:	
Personal Services	73,587
Employee Fringe Benefits	12,170
Contractual Services	41,654
Supplies and Materials	72,141
Other	683
	200,235
Total Operating Disbursements	200,235
Operating Income	298,856
Non-Operating Receipts/(Disbursements):	
Capital Outlay	(14,988)
Debt Service:	
Principal Retirement	(114,416)
Interest and Fiscal Charges	(89,133)
	(218,537)
Total Nonoperating Receipts/(Disbursements)	(218,537)
Excess of Receipts and Nonoperating Receipts Over/(Under) Disbursements and Nonoperating Disbursements Before Transfers	80,319
Transfers In	203,551
Transfers Out	(203,551)
	80,319
Net Change in Fund Cash Balances	80,319
Fund Cash Balance, January 1, 2017	559,609
Fund Cash Balance, December 31, 2017	\$ 639,928

See Accompanying Notes to the Financial Statements.

Village of West Mansfield, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 - Reporting Entity

The Village of West Mansfield (the Village), Logan County, 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. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, street maintenance, police 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.

On August 13th, 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 was released from fiscal emergency on December 11, 2017.

Public Entity Risk Pool

The Village participates in a public entity risk pool. The organization is the Ohio Plan Risk Management Pool. Note 6 to the financial statements provides additional information for these entities.

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

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds 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. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported 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.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Village of West Mansfield, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies - Continued

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

Capital 97 Water Plant Fund This fund received property tax money and grant money for repair and maintenance of Village's water system.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Operating Fund The water fund accounts for the provision of water treatment and distribution 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.

Basis of Accounting

These financial statements follow the accounting basis permitted by 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. Council 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.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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. Unencumbered appropriations lapse at year end.

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

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 2017 budgetary activity appears in Note 3.

Village of West Mansfield, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies – Continued

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

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. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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.

Committed Council can *commit* amounts via formal action (ordinance or resolution). The Village must adhere to these commitments unless the Council amends the ordinance or resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* 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 Village Council or a Village official delegated that authority by resolution, or by State Statute. Subsequent year appropriations which exceed budgeted receipts of the subsequent year are designated as an assigned fund balance for the current year in the general fund.

Village of West Mansfield, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies – Continued

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.

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

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$194,236	\$216,002	\$21,766
Special Revenue	87,618	67,286	(20,332)
Capital Projects	16,655	16,656	1
Enterprise	686,530	702,642	16,112

2017 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$167,132	\$144,858	\$22,274
Special Revenue	69,235	62,353	6,882
Capital Projects	63,000	74,655	(11,655)
Enterprise	688,162	644,627	43,535

Note 4 – Deposits and Investments

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

Demand deposits	2017 \$1,250,935
Certificates of deposit	30,000
Total Deposits	\$1,280,935

Village of West Mansfield, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 4 – Deposits and Investments - Continued

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

Note 5 – Taxes

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. 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.

Income Taxes

The Village levies a municipal income tax of 1 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 Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 - Risk Management

Risk Membership Pool

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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.

Village of West Mansfield, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 6 - Risk Management - Continued

Risk Membership Pool - continued

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. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% 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 762 members as of December 31, 2016.

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, 2016 (the latest information available).

	2016
Assets	\$14,765,712
Liabilities	(9,531,506)
Members' Equity	<u>\$5,234,206</u>

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

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Village of West Mansfield, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 7 - Defined Benefit Pension Plans – Continued

Social Security

Several Village’s employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2017.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017.

Note 9 – Debt

Debt outstanding at December 31, 2017 is as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #2132	\$ 11,525	5.86%
Ohio Water Development Authority Loan #4263	1,108,814	5.0%
Ohio Water Development Authority Loan #6938	199,856	0.57%
Ohio Water Development Authority Loan #7941	75,604	0.50%
Ohio Public Works Commission Loan #CT39G	21,250	0.0%
Ohio Public Works Commission Loan #CT65P	37,851	0.0%
USDA Loans	<u>1,233,000</u>	5.0%
Total	<u><u>\$ 2,687,900</u></u>	

The loan balances above reflect capitalized interest and other OWDA adjustments which are not reflected in the cash basis financial statements.

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.

Village of West Mansfield, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 9 – Debt - Continued

The 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 therefore, there is no amortization schedule.

In 2017, the Ohio Water Development Authority (OWDA) authorized loan #7941 for \$75,416 at .50% interest for land for protection around a new well.

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 therefore, there is no amortization schedule.

Principal and interest requirements for loans outstanding at December 31, 2017 are as follows (The amortization schedule for OWDA loan #6938 has not been determined and is not included in the following schedule):

Year Ending December 31:	OWDA loan	OPWC loans	USDA loan
2018	\$8,764	\$3,762	\$98,850
2019	75,979	3,762	98,990
2020	75,979	3,762	98,930
2021	75,979	3,762	\$99,875
2022	75,979	3,762	\$99,020
2023-2027	379,895	15,060	494,740
2028-2032	379,895	6,310	494,775
2033-2037	307,893	6,310	494,615
2038-2042	-	6,310	-
2043-2047	-	6,301	-
Total	\$1,380,363	\$59,101	\$1,979,795

Note 10 – Contingent Liabilities/Subsequent Events

Management believes there are no pending claims or lawsuits.

VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
All Governmental Fund Types
For the Year Ended December 31, 2016

	Governmental Fund Types			Totals- (Memorandum Only)
	General	Special Revenue	Capital Projects	
Receipts:				
Property Taxes	\$ 37,612	\$ -	\$ -	\$ 37,612
Municipal Income Tax	111,725	-	-	111,725
Intergovernmental	34,254	34,601	-	68,855
Fines, Licenses and Permits	4,535	-	-	4,535
Interest	986	102	-	1,088
Other	787	-	-	787
Total Receipts	189,899	34,703	-	224,602
Disbursements:				
Current:				
Security of Persons & Property	13,691	7,260	-	20,951
Public Health Service	4,470	-	-	4,470
Leisure Time Activities	8,651	-	-	8,651
Community Environment	3,136	-	-	3,136
Transportation	-	49,881	-	49,881
General Government	79,482	3,015	-	82,497
Capital Outlay	-	-	115,851	115,851
Total Disbursements	109,430	60,156	115,851	285,437
Excess of Receipts Over/(Under) Disbursements	80,469	(25,453)	(115,851)	(60,835)
Other Financing Receipts/(Disbursements)				
Other Debt Proceeds	-	-	75,000	75,000
Transfers In	-	21,728	-	21,728
Transfers Out	(21,728)	-	-	(21,728)
Total Other Financing Receipts/(Disbursements)	(21,728)	21,728	75,000	75,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	58,741	(3,725)	(40,851)	14,165
Fund Cash Balance, January 1, 2016	155,726	18,431	386,253	560,410
Fund Cash Balance, December 31, 2016				
Restricted	-	14,706	345,402	360,108
Assigned	3,171	-	-	3,171
Unassigned	211,296	-	-	211,296
Fund Cash Balance, December 31, 2016	\$ 214,467	\$ 14,706	\$ 345,402	\$ 574,575

See Accompanying Notes to the Financial Statements.

**VILLAGE OF WEST MANSFIELD
LOGAN COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
For the Year Ended December 31, 2016**

	Enterprise
Operating Receipts:	
Charges for Services	\$ 472,253
Miscellaneous	6,070
Total Operating Receipts	478,323
Operating Disbursements:	
Personal Services	63,030
Employee Fringe Benefits	13,893
Contractual Services	42,140
Supplies and Materials	55,375
Other	1,696
Total Operating Disbursements	176,134
Operating Income	302,189
Non-Operating Receipts/(Disbursements):	
Property and Other Local Taxes	782
Capital Outlay	(19,133)
Debt Service:	
Principal Retirement	(102,943)
Interest and Fiscal Charges	(91,294)
Total Nonoperating Receipts/(Disbursements)	(212,588)
Excess of Receipts and Nonoperating Receipts Over/(Under) Disbursements and Nonoperating Disbursements Before Transfers	89,601
Transfers In	194,066
Transfers Out	(194,066)
Net Change in Fund Cash Balances	89,601
Fund Cash Balance, January 1, 2016	470,008
Fund Cash Balance, December 31, 2016	\$ 559,609

See Accompanying Notes to the Financial Statements.

Village of West Mansfield, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 - Reporting Entity

The Village of West Mansfield (the Village), Logan County, 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. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, street maintenance, police 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.

On August 13th, 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 was released from fiscal emergency on December 11, 2017.

Public Entity Risk Pools

The Village participates in a public entity risk pool. The organization is the Ohio Plan Risk Management Pool. Note 6 to the financial statements provides additional information for these entities.

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

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary types which are organized on a fund type basis.

Fund Accounting

The Village uses funds 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. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported 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.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Village of West Mansfield, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies -- Continued

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

Capital 97 Water Plant Fund This fund received property tax money and grant money for repair and maintenance of Village's water system.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Operating Fund The water fund accounts for the provision of water treatment and distribution 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.

Basis of Accounting

These financial statements follow the accounting basis permitted by 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. Council 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.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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. Unencumbered appropriations lapse at year end.

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

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 2016 budgetary activity appears in Note 3.

Village of West Mansfield, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies – Continued

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

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. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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.

Committed Council can *commit* amounts via formal action (ordinance or resolution). The Village must adhere to these commitments unless the Council amends the ordinance or resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* 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 Village Council or a Village official delegated that authority by resolution, or by State Statute. Subsequent year appropriations which exceed budgeted receipts of the subsequent year are designated as an assigned fund balance for the current year in the general fund.

Village of West Mansfield, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies – Continued

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.

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

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$170,360	\$189,899	\$19,539
Special Revenue	86,472	56,431	(30,041)
Capital Projects	96,655	75,000	(21,655)
Enterprise	680,600	673,171	(7,429)

Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$147,288	\$131,839	\$15,449
Special Revenue	70,767	61,127	9,640
Capital Projects	143,000	115,851	27,149
Enterprise	649,590	595,116	54,474

Note 4 – Deposits and Investments

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

Demand deposits	2016 \$1,104,184
Certificates of deposit	30,000
Total Deposits	\$1,134,184

Village of West Mansfield, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 4 – Deposits and Investments - Continued

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

Note 5 – Taxes

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. 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.

Note 5 – Taxes - Continued

Income Taxes

The Village levies a municipal income tax of 1 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 Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 - Risk Management

Risk Membership Pool

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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.

Village of West Mansfield, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 6 - Risk Management - Continued

Risk Membership Pool - continued

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. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% 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 762 members as of December 31, 2016.

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, 2016.

	2016
Assets	<u>\$14,765,712</u>
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$5,234,206</u>

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

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

Village of West Mansfield, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 7 - Defined Benefit Pension Plans – Continued

Social Security

Several Village’s employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2016.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016.

Note 9 – Debt

Debt outstanding at December 31, 2016 is as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #2132	\$ 22,413	5.86%
Ohio Water Development Authority Loan #4263	1,157,898	5.00%
Ohio Water Development Authority Loan #6938	217,082	0.57%
Ohio Water Development Authority Loan #7941	75,000	0.50%
Ohio Public Works Commission Loan #CT65P	23,750	0.00%
Ohio Public Works Commission Loan #CT65P	21,195	0.00%
USDA Loans	<u>1,268,600</u>	5.00%
Total	<u>\$ 2,785,938</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.

Village of West Mansfield, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 9 – Debt - Continued

The 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 therefore, there is no amortization schedule.

In 2017, the Ohio Water Development Authority (OWDA) authorized loan #7941 for \$75,416 at .50% interest for land for protection around a new well.

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 therefore, there is no amortization schedule.

Principal and interest requirements for loans outstanding at December 31, 2017 are as follows (The amortization schedule for OWDA loan #6938 has not been determined and are not included in the following schedule):

Year Ending December 31:	OWDA loan	OPWC loans	USDA loan
2017	\$83,786	\$2,500	\$98,850
2018	87,965	2,500	98,990
2019	75,979	2,500	98,930
2020	75,979	2,500	\$99,875
2021	75,979	2,500	\$99,020
2022-2026	379,895	11,250	494,740
2027-2031	379,895	-	494,775
2032-2036	343,893	-	494,615
Total	\$1,503,371	\$23,750	\$1,979,795

Note 10 – Contingent Liabilities/Subsequent Events

Management believes there are no pending claims or lawsuits.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH 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 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, 2017 and 2016, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2018, wherein we noted that the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *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 Village's financial statements will not be prevented or detected and corrected on a timely basis. *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, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 that are required to be reported under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 30, 2018.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental 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.
June 30, 2018



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
AUGUST 23, 2018