



**VILLAGE OF MANTUA
PORTAGE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF MANTUA
PORTAGE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Similar Fiduciary Fund Types – For the Year Ended December 31, 2000	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary and Similar Fiduciary Fund Types – For the Year Ended December 31, 2000	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Similar Fiduciary Fund Types – For the Year Ended December 31, 1999	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary and Similar Fiduciary Fund Types – For the Year Ended December 31, 1999	6
Notes to the Financial Statements	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	15
Schedule of Findings	17

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West
Suite 302
Youngstown, Ohio 44503
Telephone 330-797-9900
800-443-9271
Facsimile 330-797-9949
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Mantua
Portage County
4736 East High Street
Mantua, Ohio 44255

To the Village Council:

We have audited the accompanying financial statements of the Village of Mantua, Portage County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

July 27, 2001

This page intentionally left blank.

**VILLAGE OF MANTUA
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property Tax and Other Local Taxes	\$566,422	\$19,727				\$586,149
Intergovernmental Receipts	142,515	68,196		\$122,218		332,929
Charges for Services	37,636	6,278		5,560		49,474
Fines, Licenses, and Permits	19,711					19,711
Earnings on Investments	57,821					57,821
Miscellaneous	6,590	942		3,371		10,903
	830,695	95,143		131,149		1,056,987
Cash Disbursements:						
Current:						
Security of Persons and Property	416,009	1,297				417,306
Public Health Services		19,628				19,628
Leisure Time Activities	26,519					26,519
Community Environment	3,753					3,753
Transportation	9,100	164,382				173,482
General Government	291,992		6,527		1,499	300,018
Debt Service:						
Principal Payments			43,933			43,933
Interest Payments			15,068			15,068
Capital Outlay			21,030	119,093	1,400	141,523
	747,373	185,307	86,558	119,093	2,899	1,141,230
Total Receipts Over/(Under) Disbursements	83,322	(90,164)	(86,558)	12,056	(2,899)	(84,243)
Other Financing Receipts/(Disbursements):						
Loan Proceeds	30,252					30,252
Transfers-In	1,020	55,000	91,640	21,992		169,652
Transfers-Out	(169,652)					(169,652)
Other Sources	425	15,633	10,703	76,433	2,020	105,214
Other Uses				(480)		(480)
	(137,955)	70,633	102,343	97,945	2,020	134,986
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(54,633)	(19,531)	15,785	110,001	(879)	50,743
Fund Cash Balances January 1	72,320	163,331	(4,021)	278,950	1,503	512,083
Fund Cash Balances, December 31	\$17,687	\$143,800	\$11,764	\$388,951	\$624	\$562,826
Reserves for Encumbrances, December 31	\$14,194	\$20,381		\$2,088		\$36,663

The notes to the financial statements are an integral part of this statement.

VILLAGE OF MANTUA
PORTAGE COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Operating Cash Receipts:			
Charges for Services	\$610,892		\$610,892
Interest Earnings		\$2,920	2,920
Miscellaneous	332		332
Total Operating Cash Receipts	<u>611,224</u>	<u>2,920</u>	<u>614,144</u>
Operating Cash Disbursements:			
Personal Services	95,402		95,402
Fringe Benefits	53,242		53,242
Contractual Services	54,801		54,801
Supplies and Materials	52,444		52,444
Miscellaneous	22,275		22,275
Capital Outlay	468,979		468,979
Total Operating Cash Disbursements	<u>747,143</u>		<u>747,143</u>
Operating Income/(Loss)	<u>(135,919)</u>	<u>2,920</u>	<u>(132,999)</u>
Non-Operating Cash Receipts:			
Fines, Licenses, and Permits	1,976		1,976
Other Non-Operating Receipts	12,678		12,678
Total Non-Operating Cash Receipts	<u>14,654</u>		<u>14,654</u>
Non-Operating Cash Disbursements:			
Debt Service	133,716		133,716
Other Non-Operating Cash Disbursements	158,113		158,113
Total Non-Operating Cash Disbursements	<u>291,829</u>		<u>291,829</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(413,094)	2,920	(410,174)
Transfers-In	33,648		33,648
Transfers-Out	(33,648)		(33,648)
Net Receipts Over/(Under) Disbursements	(413,094)	2,920	(410,174)
Fund Cash Balances, January 1	<u>815,760</u>	<u>39,380</u>	<u>855,140</u>
Fund Cash Balances, December 31	<u>\$402,666</u>	<u>\$42,300</u>	<u>\$444,966</u>
Reserve for Encumbrances, December 31	<u>\$12,898</u>		<u>\$12,898</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF MANTUA
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property Tax and Other Local Taxes	\$611,058	\$18,783				\$629,841
Intergovernmental Receipts	144,254	71,744		\$13,000		228,998
Charges for Services	36,915	30,643		4,509		72,067
Fines, Licenses, and Permits	9,759					9,759
Miscellaneous	79,907	9,477		20,202		109,586
Total Cash Receipts	881,893	130,647		37,711		1,050,251
Cash Disbursements:						
Current:						
Security of Persons and Property	327,747	29,594				357,341
Public Health Services		16,357				16,357
Leisure Time Activities	22,218					22,218
Community Environment	3,147					3,147
Basic Utility Services		3,582				3,582
Transportation		103,719				103,719
General Government	294,471					294,471
Debt Service:						
Principal Payments			57,100			57,100
Interest Payments			18,995			18,995
Capital Outlay	880	16,031		25,227	485	42,623
Total Disbursements	648,463	169,283	76,095	25,227	485	919,553
Total Receipts Over/(Under) Disbursements	233,430	(38,636)	(76,095)	12,484	(485)	130,698
Other Financing Receipts/(Disbursements):						
Transfers-In	9,014	50,000	52,999	102,918		214,931
Transfers-Out	(205,917)	(1,634)	(7,380)			(214,931)
Other Sources		2,359	9,550			11,909
Other Uses	(4,450)	(2,129)	(693)	(1)		(7,273)
Total Other Financing Receipts/(Disbursements)	(201,353)	48,596	54,476	102,917		4,636
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	32,077	9,960	(21,619)	115,401	(485)	135,334
Fund Cash Balances January 1	40,243	153,371	17,598	163,548	1,988	376,748
Fund Cash Balances, December 31	\$72,320	\$163,331	(\$4,021)	\$278,949	\$1,503	\$512,082
Reserves for Encumbrances, December 31	\$31,819	\$18,013				\$49,832

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF MANTUA
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Cash Receipts:			
Charges for Services	\$487,869	\$1,350	\$489,219
	<hr/>	<hr/>	<hr/>
Total Operating Cash Receipts	487,869	1,350	489,219
	<hr/>	<hr/>	<hr/>
Operating Cash Disbursements:			
Personal Services	87,561		87,561
Contractual Services	58,909		58,909
Supplies and Materials	51,233		51,233
Capital Outlay	146,679		146,679
	<hr/>	<hr/>	<hr/>
Total Operating Cash Disbursements	344,382		344,382
	<hr/>	<hr/>	<hr/>
Operating Income	143,487	1,350	144,837
	<hr/>	<hr/>	<hr/>
Non-Operating Cash Receipts:			
Intergovernmental Receipts	5,270		5,270
Other Non-Operating Receipts	108,287		108,287
	<hr/>	<hr/>	<hr/>
Total Non-Operating Cash Receipts	113,557		113,557
	<hr/>	<hr/>	<hr/>
Non-Operating Cash Disbursements:			
Debt Service	130,166		130,166
Other Non-Operating Cash Disbursements	62,107		62,107
	<hr/>	<hr/>	<hr/>
Total Non-Operating Cash Disbursements	192,273		192,273
	<hr/>	<hr/>	<hr/>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	64,771	1,350	66,121
	<hr/>	<hr/>	<hr/>
Transfers-In	211,525		211,525
Transfers-Out	(211,525)		(211,525)
	<hr/>	<hr/>	<hr/>
Net Receipts Over Disbursements	64,771	1,350	66,121
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	750,989	38,030	789,019
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$815,760	\$39,380	\$855,140
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Reserve for Encumbrances, December 31	\$38,212		\$38,212
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF MANTUA
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Mantua, Potage County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police services. The Village contracts with the Mantua-Shalersville Fire District to provide fire and ambulance services. See Note 9.

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

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

C. Cash and Investments

Certificates of deposit are valued at cost. Investments are included in fund 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 uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

**VILLAGE OF MANTUA
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service fund:

General Obligation Debt Fund: This fund is used to account for the payment of general long-term debt principal, interest and related costs.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Street Capital Improvement Fund - This fund receives Issue II monies to be used for street capital improvement projects.

Park Capital Improvement Fund - This fund receives charges for services revenue to be used for park improvement projects.

5. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Water Capital Improvement Fund - This fund receives charges for services to be used for water plant and related improvement projects.

Sewer Capital Improvement Fund - This fund receives charges for services to be used for sewer plant and related improvement projects.

6. Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Village had the following significant fiduciary fund:

**VILLAGE OF MANTUA
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cemetery Endowment Fund – This fund receives certificate of deposit interest to be used for cemetery related expenses.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, object level of control for the general fund and at the fund level for all other funds, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. 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 also approve estimated resources.

3. Encumbrances

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

A summary of 2000 and 1999 budgetary activity appears in Note 4.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments 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:

**VILLAGE OF MANTUA
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 246,316	\$1,029,230
Certificates of deposit	<u>761,476</u>	<u>337,992</u>
Total deposits	<u>\$1,007,792</u>	<u>\$1,367,222</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Village.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 997,756	\$ 862,392	\$ (135,364)
Special Revenue	252,148	165,776	(86,372)
Debt Service	89,717	102,343	12,626
Capital Projects	581,950	229,574	(352,376)
Enterprise	1,369,038	659,526	(709,512)
Fiduciary	<u>59,380</u>	<u>4,940</u>	<u>(54,440)</u>
Total	<u>\$ 3,349,989</u>	<u>\$ 2,024,551</u>	<u>\$(1,325,438)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,069,874	\$ 931,219	\$ 138,655
Special Revenue	313,896	205,688	108,208
Debt Service	83,800	86,558	(2,758)
Capital Projects	401,000	121,661	279,339
Enterprise	1,584,053	1,085,518	498,535
Fiduciary	<u>18,500</u>	<u>2,899</u>	<u>15,601</u>
Total	<u>\$ 3,471,123</u>	<u>\$ 2,433,543</u>	<u>\$ 1,037,580</u>

**VILLAGE OF MANTUA
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,481,836	\$ 890,907	\$ (590,929)
Special Revenue	413,958	183,006	(230,952)
Debt Service	96,463	62,549	(33,914)
Capital Projects	119,953	140,629	20,676
Enterprise	1,092,001	812,951	(279,050)
Fiduciary	45,000	1,350	(43,650)
Total	<u>\$ 3,249,211</u>	<u>\$ 2,091,392</u>	<u>\$(1,157,819)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 936,581	\$ 890,649	\$ 45,932
Special Revenue	343,080	191,059	152,021
Debt Service	59,694	84,168	(24,474)
Capital Projects	160,981	25,228	135,753
Enterprise	1,259,754	786,392	473,362
Fiduciary	6,700	485	6,215
Total	<u>\$ 2,766,790</u>	<u>\$ 1,977,981</u>	<u>\$ 788,809</u>

The Village received various on-behalf grants from the Ohio Public Works Commission (OPWC). Contrary to Ohio law, the grant amounts were not budgeted, as estimated resources or as appropriations, nor were they posted as revenue and expenditures on the Village's records, though the Village has made adjustments to the financial statements for the on-behalf receipts and expenditures. Also, contrary to Ohio law, the Village had seven funds in which expenditures exceeded appropriations at year-end, three funds in which expenditures plus year end encumbrances exceeded appropriations, and four funds in which estimated resources exceeded actual available resources and the Village did not get the County Auditor's certification that appropriations did not exceed estimated resources.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

**VILLAGE OF MANTUA
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. PROPERTY TAX (Continued)

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$ 1,327,979	2.00%
Ohio Water Development Authority Loan	126,323	8.35%
General Obligation Bonds	210,000	5.75%
OPWC Loan	157,250	0.00%
Promissory Note	26,142	5.50%
Total	\$ 1,847,694	

The Ohio Water Development Authority (OWDA) loans relate to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA had approved up to \$1,732,836 in loans to the Village for these projects. The loans will be repaid in semiannual installments of \$30,000 and \$10,000, including interest, over 20 years. The scheduled payment amount below assumes that \$1,411,000 will be borrowed. The scheduled payment will be adjusted to reflect any revisions in amounts actually borrowed. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA and OPWC debt service requirements.

The Village has pledged the proceeds of the tax levy for the payment of the debt charges on the General Obligation Bonds. The General Obligation Bonds were used for improvements to streets and the utility system. The promissory note is not collateralized.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	OWDA Loans	General Obligation Bonds	OPWC Loan	Promissory Note
2001	\$ 115,216	\$ 56,500	\$ 9,250	\$ 5,201
2002	115,216	68,625	9,250	5,201
2003	115,216	65,175	9,250	5,201
2004	115,216	46,294	9,250	5,201
2005	115,216		9,250	5,201
Subsequent	1,119,853		111,000	1,734
Total	\$ 1,695,933	\$ 236,594	\$157,250	\$ 27,739

**VILLAGE OF MANTUA
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. 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 also prescribed by the Ohio Revised Code. For 2000 and 1999, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of PERS participants' gross salaries for 1999 and 10.84% for 2000. Commencing July 1, 2000, PERS temporarily reduced employer contributions to 8.13%. The Village has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The Village is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle

The Village also provides health insurance, dental, and vision coverage to full-time employees through a private carrier.

8. SUBSEQUENT EVENTS

The Village was the defendant in a lawsuit. The Village withheld payment to a contractor relating to their Mill Street water project. The Village was ordered through an arbitrator to pay the contractor a total of \$243,906. The first payment of \$99,897 was paid in December of 2000. The Village paid the balance of \$144,009 to the contractor and it was accepted on June 12, 2001.

9. JOINTLY GOVERNED ORGANIZATION

Mantua-Shalersville Fire District (the District): The District provides fire and EMS services to its members. District members include the Village of Mantua, Mantua Township, and Shalersville Township. The District is governed by a three-member board consisting of one official from each member's elected governing body. The District is solely funded by voter approved tax levies. No funding is received from District members.

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West
Suite 302
Youngstown, Ohio 44503
Telephone 330-797-9900
800-443-9271
Facsimile 330-797-9949
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Mantua
Portage County
4736 East High Street
Mantua, Ohio 44255

To the Village Council:

We have audited the accompanying financial statements of the Village of Mantua, Portage County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 27, 2001. 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.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 2000-31167-001 through 2000-31167-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 27, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2000-31167-005 and 2000-31167-006.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2000-31167-005 and 2000-31167-006 to be material weaknesses.

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated July 27, 2001.

This report is intended for the information and use of management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

July 27, 2001

VILLAGE OF MANTUA
PORTAGE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2000-31167-001

Noncompliance Citations

1. **Ohio Revised Code § 5705.36 (A)(2)** allows the Village to request an amended certificate of estimated resources upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue.
2. **Ohio Revised Code § 5705.39** states that no appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.
3. **Ohio Revised Code § 5705.41 (B)** states that no subdivision or taxing unit is to expend money unless it has been appropriated.

The Village received two on-behalf grants from the Ohio Public Works Commission (OPWC) for capital project purposes. On-behalf grants represent monies in which the State makes payments directly to the contractor(s) for invoices submitted by the Village related to work conducted under the grant. The State will then notify the Village's Clerk-Treasurer of the amount disbursed. The on-behalf grant amounts were not budgeted, as estimated resources or as appropriations, nor were they posted as revenue and expenditures on the Village's records. The years 2000 and 1999 grants were \$84,943 and \$13,000 respectively. The Village has adjusted its records to reflect receipts and disbursements related to this on-behalf activity and such amounts are included in the financial statements.

The Clerk-Treasurer indicated she was not aware that such grants had to be accounted for in this manner.

We recommend the Village include in its Official or amended Certificate of Estimated Resources the amount of OPWC monies anticipated to be received during the fiscal year. Appropriations should include the amount necessary to meet the obligations to be incurred during the fiscal year. If the project is not expected to be completed in the current year, the remainder of the project must be appropriated immediately in the subsequent year(s). We also recommend that upon receipt of notice from the State of the amount disbursed, the Village Clerk should record a receipt and expenditure equal to the amount disbursed by the State to the appropriate fund. We recommend that the Village Clerk refer to the Auditor of State Bulletin Number 2000-008, *Accounting for Cash Basis Local Governments' Participation in On-behalf-of Grants or Improvement Projects*.

FINDING NUMBER 2000-31167-002

Noncompliance Citations

1. **Ohio Revised Code § 5705.36(A)(4)** states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended official certificate reflecting the deficiency.

**VILLAGE OF MANTUA
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)**

The failure to obtain an reduced amended certificate resulted in expenditures plus year end encumbrances in excess of the fund's total of the fiscal year's actual available resources for the following funds in violation of Ohio Revised Code § 5705.41(D) which requires that encumbrances be charged against proper appropriations and §5705.41(B) which prohibits a subdivision from making an expenditure unless it has been properly appropriated.

<u>Year</u>	<u>Fund</u>	<u>Total Estimated Resources</u>	<u>Actual Available Resources</u>	<u>Expenditures Plus Year-end Encumbrances</u>
2000	General Fund	\$ 1,038,257	\$ 902,893	\$ 931,219
2000	Streets Construction and Maintenance Fund	183,420	149,997	150,682
2000	Sewer Capital Improvement Fund	352,349	319,809	389,381
1999	Sewer Debt Fund	46,000	11,138	22,275

We recommend that the clerk monitor the receipts and, when needed, obtain a reduced amended certificate of estimated resources along with a correspondence reduction in appropriations.

FINDING NUMBER 2000-31167-003

Noncompliance Citation

- Ohio Revised Code § 5705.41(B)** prohibits a Village from making an expenditure unless it has been properly appropriated. The Village had the following funds in which expenditures exceeded appropriations at year-end:

<u>Year</u>	<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Difference</u>
2000	Cruiser Purchase Fund	\$ 30,000	\$ 32,758	(\$ 2,758)
2000	Sewer Capital Improvement Fund	372,089	389,381	(17,292)
2000	Sewer Capital Debt Fund	22,275	22,510	(235)
1999	Cruiser Purchase Fund	10,000	27,781	(17,781)
1999	Bond Retirement Fund	49,694	56,387	(6,693)
1999	Emergency Water Grant	950	5,700	(4,750)
1999	OWDA Fund	22,275	50,388	(28,113)

We recommend that the Village's Clerk monitor the appropriation and properly encumber the expenditures. This will help to ensure that the village's monies are used in accordance with the Budget.

**VILLAGE OF MANTUA
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)**

FINDING NUMBER 2000-31167-004

Noncompliance Citations

1. **Ohio Revised Code § 5705.41(D)** requires that encumbrances be charged against proper appropriations. **Ohio Revised Code § 5705.41(B)** prohibits a village from making an expenditure unless it has been properly appropriated. The following funds appropriations were exceeded by the sum of their respective expenditures and encumbrances, contrary to these Revised Code provisions:

<u>Year</u>	<u>Fund</u>	<u>Appropriations</u>	<u>Expenditure Plus Year-end Encumbrances</u>	<u>Difference</u>
2000	Water Operating Fund	\$ 255,276	\$ 261,019	\$ (5,743)
2000	Sewer Operating Fund	176,746	228,554	(51,808)
1999	Water Operating Fund	151,569	246,563	(94,994)

Unlike Finding Number 2000-31167-003 above, Expenditures Plus Year-end Encumbrances exceeded appropriation. We recommend that the Village's Clerk monitor the appropriation and properly encumber the expenditures. This will help to ensure that the village's monies are used in accordance with the Budget.

FINDING NUMBER 2000-31167-005

Reportable Condition and Material Weakness

Monthly Reconciliations not Performed

During the period beginning January 1, 1999 through December 31, 2000, the Clerk-Treasurer of the Village did not perform monthly bank reconciliations. The Village Council hired Local Government Services Division of the Auditor of State's Office to perform the reconciliations to determine if the fund balances were able to be balanced to the bank statements. During May 2001 and subsequent to the December 31, 2000 year-end reporting period, the Village was again out of balance and again hired Local Government Services to perform the Village's bank reconciliations.

As a result of not reconciling monthly, additional expense was incurred by the Village.

We recommend the Village's fiscal officer perform monthly reconciliations and present these reconciliations to Council with her regular "Monthly Reports to Council". We also recommend that Council record the fiscal officer's report in the Village's Minutes, and also record the acceptance or rejection of such report in the minutes.

Implementation of the above recommendation may help the Village Council understand their balances on a monthly basis.

**VILLAGE OF MANTUA
PORTAGE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)**

FINDING NUMBER 2000-31167-006

Reportable Condition and Material Weakness

1999 Financial Reports Contained Undetected Errors

The Village manually recorded and reported its financial activity for the year ended December 31, 1999. At the end of the year, the Clerk-Treasurer prepared the annual cash basis report to be submitted to the Auditor of State's Office. In 2000, the Village converted to the Uniform Accounting Network (UAN) and the December 31, 2000 annual report was prepared from the computer's records.

Both annual reports contained errors that were made and not detected by the Village's management. These errors were detected by audit procedures performed in 2001 and corrected by the Village and included:

1999 General Fund:

Intergovernmental Receipts at \$132,158, were understated by \$12,095.

1999 Capital Projects Fund:

Intergovernmental Receipts at \$0, should have been reported at \$13,000.

2000 Special Revenue Funds:

Local Taxes at \$60,413, were overstated by \$40,685 (License taxes).
Intergovernmental Receipts at \$27,511, were understated by \$40,685.

2000 Capital Projects Fund:

Intergovernmental Receipts at \$37,275, were understated by \$84,943.

In 1999, the Village classified monies held from donations and grants for its Shady Tree Fund in an expendable trust fund. However, in 2000, when the Village computerized its accounting system, these monies and activity were incorrectly rolled up into the agency fund. According to the codified ordinances chapter 147, the Shady Tree Fund is a rotary trust fund.

In 1999, reclassification of the Special Revenue Fund's "Debt Service" line item to the "Capital Outlay" line item was required because no debt was issued to obtain a truck which was purchased for \$16,031.

We recommend that the Village's Clerk continue her professional training and consider taking the Ohio Financial Accountability Certification online training course developed by the Auditor of State in cooperation with the Government Finance Officers Association.

The Village's Council should also critically review the monthly and annual reports for unusual items and monitor the records to determine whether records appear to be up-to-date.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

VILLAGE OF MANTUA

PORTAGE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 18, 2001**