



Mary Taylor, CPA
Auditor of State

MANTUA-SHALERSVILLE FIRE DISTRICT
PORTAGE COUNTY

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Mary Taylor, CPA

Auditor of State

Mantua-Shalersville Fire District
Portage County
10303 State Route 44
Mantua, Ohio 44255

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 12, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Mantua-Shalersville Fire District
Portage County
10303 State Route 44
Mantua, Ohio 44255

To the Board of Trustees:

We have audited the accompanying financial statements of the Mantua-Shalersville Fire District, Portage County, (the District) as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the District'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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The District processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the District because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Districts to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2006 and 2005 or its changes in financial position for the years then ended.

Also, 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 Mantua-Shalersville Fire District, Portage County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2007, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

December 12, 2007

**MANTUA SHALERSVILLE FIRE DISTRICT
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND, CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash Receipts:				
Property and Other Local Taxes		\$1,051,113	\$271,373	\$1,322,486
Charges for Services		45,725		45,725
Intergovernmental		108,832	29,150	137,982
Earnings on Investments	\$16,552			16,552
Total Cash Receipts	16,552	1,205,670	300,523	1,522,745
Cash Disbursements:				
Current:				
Public Safety		718,165		718,165
Public Works		507,644		507,644
Capital Outlay		70,426		70,426
Debt Service:				
Redemption of Principal			170,000	170,000
Interest and Other Fiscal Charges			122,890	122,890
Total Cash Disbursements	0	1,296,235	292,890	1,589,125
Total Receipts Over/(Under) Disbursements	16,552	(90,565)	7,633	(66,380)
Other Financing Receipts/(Disbursements):				
Transfers-In		54,302		54,302
Transfers-Out	(54,302)			(54,302)
Advances-In		180,000		180,000
Advances-Out		(180,000)		(180,000)
Other Financing Sources		9,305		9,305
Total Other Financing Receipts/(Disbursements)	(54,302)	63,607	0	9,305
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	(37,750)	(26,958)	7,633	(57,075)
Fund Cash Balance, January 1 (As restated -Note 3)	37,750	449,302	83,555	570,607
Fund Cash Balance, December 31	\$0	\$422,344	\$91,188	\$513,532
Reserve for Encumbrances, December 31		\$13,079		\$13,079

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

**MANTUA SHALERSVILLE FIRE DISTRICT
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND, CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Project	
Cash Receipts:					
Property and Other Local Taxes		\$867,228	\$267,530	\$146,956	\$1,281,714
Charges for Services		41,698			41,698
Licenses, Permits, and Fees		15			15
Intergovernmental		122,206	15,623	8,348	146,177
Earnings on Investments	\$18,860			332	19,192
Miscellaneous		4,789			4,789
Total Cash Receipts	18,860	1,035,936	283,153	155,636	1,493,585
Cash Disbursements:					
Current:					
General Government		785,224			785,224
Public Safety		462,067			462,067
Capital Outlay		6,409		174,510	180,919
Debt Service:					
Redemption of Principal			165,000		165,000
Interest and Other Fiscal Charges			127,865		127,865
Total Cash Disbursements	0	1,253,700	292,865	174,510	1,721,075
Total Receipts Over/(Under) Disbursements	18,860	(217,764)	(9,712)	(18,874)	(227,490)
Other Financing Receipts/(Disbursements):					
Transfers-In				46,928	46,928
Transfers-Out	(6,928)			(40,000)	(46,928)
Other Financing Sources		8,098			8,098
Other Financing Uses	(3)				(3)
Total Other Financing Receipts/(Disbursements)	(6,931)	8,098	0	6,928	8,095
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	11,929	(209,666)	(9,712)	(11,946)	(219,395)
Fund Cash Balance, January 1(See Note# 3)	25,821	651,357	93,267	12,236	782,681
Fund Cash Balance, December 31	\$37,750	\$441,691	\$83,555	\$290	\$563,286
Reserve for Encumbrances, December 31		\$40,872			\$40,872

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

**MANTUA-SHALERSVILLE FIRE DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Mantua-Shalersville Fire District (the District) as a body corporate and politic. A three-member Board of Trustees governs the District. One Board member is appointed by each political subdivision within the District. Each political subdivision within the District appoints one member. Those subdivisions are Mantua Township, Mantua Village and Shalersville Township. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

The District's management believes these financial statements present all activities for which the District is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District 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 Auditor of State prescribes or permits.

C. Cash and Investments

The District'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.

The District's investments are certificates of deposit. Certificates of deposit are valued at cost.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

Fire District Fund – This fund receives most of its monies from a tax levy. This money is specifically used for the maintenance of the fire apparatus, appliances, building or sites.

**MANTUA-SHALERSVILLE FIRE DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Ambulance and Medical Services Fund – This fund receives most of its monies from a tax levy and charges for ambulance transports. This money is specifically used for the purpose of providing emergency ambulance and medical services

Capital Equipment Fund – This fund receives taxes to be used for the purchase and maintenance of fire fighting equipment.

3. Debt Service Funds

These funds account for resources the District accumulates to pay bond and note debt. The District had the following Debt Service Fund:

Building Bond Retirement Fund – This fund has one note which was issued for the purpose of a new fire station.

E. Change in Accounting Policy

In 2006 The District reclassified its Capital Project Fund Activity to the Special Revenue Fund Type. As the separate fire and ambulance activities represented the primary operating purpose of the District and the respective revenues are restricted as to use, the District has determined these activities should be reported in the Special Revenue Fund Type.

As a result of this fund type reclassification the Special Revenue Fund Type balance at January 1, 2006 has been restated, See Note 3.

F. 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 or object level of control and appropriations may not exceed estimated resources. The Board of Trustees 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 District 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 2006 and 2005 budgetary activity appears in Note 4.

**MANTUA-SHALERSVILLE FIRE DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. Property, Plant, and Equipment

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

H. 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.

2. Equity in Pooled Cash and Investments

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

	2006	2005
Demand deposits	\$356,660	\$413,286
Certificates of deposit	156,872	150,000
Total deposits	513,532	563,286

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the District by the financial institution's public entity deposit pool.

3. Prior Period Restatement

Adjustments resulted in the restatement of the beginning of the year fund balances for the Special Revenue Fund and Capital Project Fund. Warrants issued in the prior audit periods were subsequently voided in 2006 and 2005. The checks were added back to the beginning balance. Also the District reclassified its Capital Project Fund Activity to the Special Revenue Fund Type. The table below presents the adjustments and resulting effect on the fund balances.

	Special Revenue Fund	Capital Project Fund
2005 - Beginning Balance		
Fund Cash Balance, December 31, 2004 (Before Adjustment)	650,957	
Adjustment Made By The District	400	
Fund Cash Balance, January 1, 2005 (After Adjustment)	651,357	
2006 - Beginning Balance		
Fund Cash Balance, December 31, 2005 (Before Adjustment)	441,691	290
Adjustment Made By The District	7,611	(290)
Fund Cash Balance, January 1, 2006 (After Adjustment)	449,302	0

**MANTUA-SHALERSVILLE FIRE DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$10,250	\$16,552	\$6,302
Special Revenue	1,298,321	1,269,277	(29,044)
Debt Service	297,965	300,523	2,558
Total	<u>\$1,606,536</u>	<u>\$1,586,352</u>	<u>(\$20,184)</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$48,000	\$54,302	(\$6,302)
Special Revenue	1,524,900	1,309,314	215,586
Debt Service	381,520	292,890	88,630
Total	<u>\$1,954,420</u>	<u>\$1,656,506</u>	<u>\$297,914</u>

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$10,000	\$18,860	\$8,860
Special Revenue	1,009,200	1,044,034	34,834
Debt Service	303,665	283,153	(20,512)
Capital Projects	263,141	202,564	(60,577)
Total	<u>\$1,586,006</u>	<u>\$1,548,611</u>	<u>(\$37,395)</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$10,100	\$6,931	\$3,169
Special Revenue	1,313,200	1,294,572	18,628
Debt Service	300,000	292,865	7,135
Capital Projects	407,000	214,510	192,490
Total	<u>\$2,030,300</u>	<u>\$1,808,878</u>	<u>\$221,422</u>

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees 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.

**MANTUA-SHALERSVILLE FIRE DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

5. PROPERTY TAX – (Continued)

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.

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

6. DEBT

Debt outstanding at December 31, 2006 was as follows:

	Principal	Interest Rate
Fire Station-General Obligation Bonds	\$2,969,992	3.00% to 4.85%

The District issued general obligation bonds to finance the construction of a new Fire Station. The bonds were issued on July 3, 2002 in the amount of \$3,699,993 and have semiannual maturities through December 1, 2021. The District's taxing authority collateralizes the bonds.

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

Year ending December 31:	Fire Station
2007	\$298,290
2008	298,290
2009	298,290
2010	293,290
2011	296,465
2012-2016	1,473,860
2017-2021	1,475,510
Total	\$4,433,995

7. RETIREMENT SYSTEMS

The District's full-time Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OP&F participants contributed 10% of their wages. For 2006 and 2005, the District contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2006 and 2005, OPERS members contributed 9 and 8.5% respectively, of their gross salaries and the District contributed an amount equaling 13.7 and 13.55%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2006.

**MANTUA-SHALERSVILLE FIRE DISTRICT
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

8. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

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



Mary Taylor, CPA

Auditor of State

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

Mantua-Shalersville Fire District
Portage County
10303 Sate Route 44
Ravenna, Ohio 44255

To the Board of Trustees:

We have audited the financial statements of the Mantua-Shalersville Fire District, Portage County, (the District) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated December 3, 2007, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the District uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the District because the Auditor of State designed, developed, implemented, and as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might

be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the District's management in a separate letter dated December 12, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. We did note noncompliance or other matters that we reported to the District's management in a separate letter dated December 12, 2007.

We intend this report solely for the information and use of the audit committee, management, District Board of Trustees. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 12, 2007



Mary Taylor, CPA
Auditor of State

MANTUA-SHALERSVILLE FIRE DISTRICT

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
FEBRUARY 5, 2008**