



Mary Taylor, CPA
Auditor of State

VILLAGE OF MANTUA
PORTAGE COUNTY

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Mary Taylor, CPA
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Village of Mantua
Portage County
4650 West High Street
P.O. Box 775
Mantua, Ohio 44255

To the Village Council:

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.

Mary Taylor

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December 16, 2009

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Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Mantua
Portage County
4650 West High Street
P.O. Box 775
Mantua, Ohio 44255

To the Village Council:

We have audited the accompanying financial statements of the Village of Mantua, Portage County, (the Village) as of and for the years ended December 31, 2008 and 2007. 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 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 Village 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 Village 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 Village 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 Village's larger (i.e. major) funds separately. While the Village 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 Villages to reformat their statements. The Village 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.

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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, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007, or its changes in financial position or cash flows, where applicable 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 Village of Mantua, Portage County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village 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 16, 2009, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 16, 2009

VILLAGE OF MANTUA
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, 2008**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
Cash Receipts:						
Property and Local Taxes	\$36,142	\$13,512	\$30,399			\$80,053
Municipal Income Tax	522,967					522,967
Intergovernmental	277,763	126,604				404,367
Charges for Services	51,787	6,687		\$6,608		65,082
Fines, Licenses and Permits	27,615					27,615
Earnings on Investments	15,895	2,037			\$1,470	19,402
Miscellaneous	546			100		646
Total Cash Receipts	932,715	148,840	\$30,399	6,708	1,470	1,120,132
Cash Disbursements:						
Current:						
Security of Persons and Property	524,015					524,015
Public Health Services		19,935				19,935
Leisure Time Activities	18,012			325		18,337
Community Environment	6,044					6,044
Transportation	5,837	142,073				147,910
General Government	253,529					253,529
Debt Service:						
Redemption of Principal	14,156	2,995	19,000			36,151
Interest and Fiscal Charges	1,799	629	24,276			26,704
Capital Outlay		28,655		6,964		35,619
Total Cash Disbursements	823,392	194,287	43,276	7,289	0	1,068,244
Total Receipts Over/(Under) Disbursements	109,323	(45,447)	(12,877)	(581)	1,470	51,888
Other Financing Receipts / (Disbursements):						
Transfers-In	39,529		25,656			65,185
Transfers-Out	(25,656)			(39,529)		(65,185)
Advances-In		937		317		1,254
Advances-Out	(1,254)					(1,254)
Other Financing Uses						0
Other Financing Sources	16,756	644				17,400
Total Other Financing Receipts / (Disbursements)	29,375	1,581	25,656	(39,212)	0	17,400
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	138,698	(43,866)	12,779	(39,793)	1,470	69,288
Fund Cash Balances, January 1	(93,138)	176,419	(12,656)	60,914	24,641	156,180
Fund Cash Balances, December 31	\$45,560	\$132,553	\$123	\$21,121	\$26,111	\$225,468
Reserve for Encumbrances, December 31	\$2,464	\$5,547	\$0	\$0	\$0	\$8,011

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 PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$718,454		\$718,454
Fines, Licenses and Permits	385		385
Miscellaneous	41,414		41,414
	<u>760,253</u>		<u>760,253</u>
Total Operating Cash Receipts	<u>760,253</u>	<u>\$0</u>	<u>760,253</u>
Operating Cash Disbursements:			
Personal Services	136,034		136,034
Employee Fringe Benefits	50,779		50,779
Contractual Services	100,960	30	100,990
Supplies and Materials	56,144	2,440	58,584
Other		1,562	1,562
	<u>343,917</u>	<u>4,032</u>	<u>347,949</u>
Total Operating Cash Disbursements	<u>343,917</u>	<u>4,032</u>	<u>347,949</u>
Operating Income/(Loss)	<u>416,336</u>	<u>(4,032)</u>	<u>412,304</u>
Non-Operating Cash Receipts/Disbursements:			
Earnings on Investments	56		56
Other Non-Operating Cash Receipts	1,085		1,085
Capital Outlay	(42,543)	(500)	(43,043)
Redemption of Principal	(374,123)		(374,123)
Interest and Other Fiscal Charges	(62,825)		(62,825)
	<u>(478,350)</u>	<u>(500)</u>	<u>(478,850)</u>
Total Non-Operating Cash Disbursements	<u>(478,350)</u>	<u>(500)</u>	<u>(478,850)</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(62,014)	(4,532)	(66,546)
Transfers-In	252,864		252,864
Transfers-Out	(252,864)		(252,864)
Net Receipts Over/(Under) Disbursements	(62,014)	(4,532)	(66,546)
Fund Cash Balances, January 1	<u>90,259</u>	<u>9,738</u>	<u>99,997</u>
Fund Cash Balances, December 31	<u>\$28,245</u>	<u>\$5,206</u>	<u>\$33,451</u>
Reserve for Encumbrances, December 31	<u>\$17,253</u>		<u>\$17,253</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 FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
Cash Receipts:						
Property and Local Taxes	\$66,336	\$15,498				\$81,834
Municipal Income Tax	618,280					618,280
Intergovernmental	126,211	94,936				221,147
Charges for Services	48,205	3,300		\$7,018		58,523
Fines, Licenses and Permits	28,719					28,719
Earnings on Investments	20,633	2,249			\$1,405	24,287
Miscellaneous	37	85		3,515		3,637
Total Cash Receipts	908,421	116,068	\$0	10,533	1,405	1,036,427
Cash Disbursements:						
Current:						
Security of Persons and Property	573,370					573,370
Public Health Services		19,690				19,690
Leisure Time Activities	27,562			126		27,688
Community Environment	6,163					6,163
Transportation	8,172	134,649				142,821
General Government	227,536					227,536
Debt Service:						
Redemption of Principal	13,329	3,869	32,000			49,198
Interest and Fiscal Charges	2,212		39,177			41,389
Capital Outlay	5,417	516		10,116		16,049
Total Cash Disbursements	863,761	158,724	71,177	10,242	0	1,103,904
Total Receipts Over/(Under) Disbursements	44,660	(42,656)	(71,177)	291	1,405	(67,477)
Other Financing Receipts / (Disbursements):						
Transfers-In		46,943	73,177	479		120,599
Transfers-Out	(93,561)		(479)	(25,616)	(943)	(120,599)
Other Financing Uses	(301)					(301)
Other Financing Sources	13,398	5,793				19,191
Total Other Financing Receipts / (Disbursements)	(80,464)	52,736	72,698	(25,137)	(943)	18,890
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(35,804)	10,080	1,521	(24,846)	462	(48,587)
Fund Cash Balances, January 1 (See Note #3)	(57,334)	166,339	(14,177)	85,760	24,179	204,767
Fund Cash Balances, December 31	(\$93,138)	\$176,419	(\$12,656)	\$60,914	\$24,641	\$156,180
Reserve for Encumbrances, December 31	\$39,348	\$14,277	\$0	\$1,356	\$0	\$54,981

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 PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$805,382		\$805,382
Fines, Licenses and Permits	249		249
Miscellaneous	8,265		8,265
Total Operating Cash Receipts	<u>813,896</u>	<u>\$0</u>	<u>813,896</u>
Operating Cash Disbursements:			
Personal Services	128,348		128,348
Employee Fringe Benefits	64,436		64,436
Contractual Services	90,088	40	90,128
Supplies and Materials	57,601		57,601
Total Operating Cash Disbursements	<u>340,473</u>	<u>40</u>	<u>340,513</u>
Operating Income/(Loss)	<u>473,423</u>	<u>(40)</u>	<u>473,383</u>
Non-Operating Cash Receipts/Disbursements:			
Earnings on Investments	223		223
Other Non-Operating Cash Receipts	347		347
Capital Outlay	(21,155)		(21,155)
Redemption of Principal	(121,682)		(121,682)
Interest and Other Fiscal Charges	(361,061)		(361,061)
Total Non-Operating Cash Disbursements	<u>(503,328)</u>	<u>0</u>	<u>(503,328)</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(29,905)	(40)	(29,945)
Transfers-In	383,232		383,232
Transfers-Out	(383,232)		(383,232)
Net Receipts Over/(Under) Disbursements	(29,905)	(40)	(29,945)
Fund Cash Balances, January 1	120,164	9,778	129,942
Fund Cash Balances, December 31	<u>\$90,259</u>	<u>\$9,738</u>	<u>\$99,997</u>
Reserve for Encumbrances, December 31	<u>\$34,924</u>	<u>\$15</u>	<u>\$34,939</u>

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, 2008 AND 2007**

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 Village of Mantua, Portage County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village contracts with Mantua-Shalersville Fire District to receive fire protection services.

The Village participates in one jointly governed organizations and one public entity risk pool. These organizations are:

Jointly Governed Organizations:

The Village participates in one jointly governed organization. Note 10 to the financial statements provides additional information about this entity. The Village is a member of the Mantua-Shalersville Fire District, which provides for fire protection and Ems services to Village residents

Public Entity Risk Pool:

The Village belongs to the Ohio Government Risk Management Plan (The "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program. Note 9 to the financial statement provides additional information about this entity.

The Village's management believes these financial statements present all activities for which the Village 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 Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. 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.

The Village values certificates of deposit at cost.

**VILLAGE OF MANTUA
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 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 Village had the following significant Special Revenue Funds:

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

Permissive Motor Vehicle License Tax – This fund receives motor vehicle tax money for constructing, maintaining and repairing Village streets.

3. Debt Service Funds

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

General Obligation Bond Retirement Fund - This fund is used to account for all general obligation bond retirement, including bond principal, interest and related costs.

4. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Police Capital Improvement Fund – This fund receives proceeds of general obligation notes. The proceeds are used for the purchase of equipment for the police department.

5. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Village's programs. The Village had the following significant permanent fund:

Park Trust Fund – This fund receives accumulated interest and is expended on park improvement activities.

VILLAGE OF MANTUA
PORTAGE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

6. 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 - This fund receives charges for services from residents to cover water service costs.

Sewer Operating Fund - This fund receives charges for services from residents to cover sewer service costs.

Enterprise Improvement Fund - This fund is used to account for debt activity related to water improvement.

Enterprise Sewer Improvement Fund - This fund is used to account for debt activity related to sewer improvement.

7. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the Shade Tree Commission.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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 Village 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.

**VILLAGE OF MANTUA
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

3. Encumbrances

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

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. 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 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:

	2008	2007
Demand deposits	(\$69,021)	(\$3,132)
Certificates of deposit	79,296	75,550
Other time deposits (savings and NOW accounts)	248,644	183,759
Total deposits	\$258,919	\$256,177

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

3. PRIOR PERIOD RESTATEMENT

The Village voided checks that were outstanding for an extended period of time.

	General Fund	Special Revenue Fund
Fund Cash Balance, December 31, 2006 (Before Adjustment)	(57,691)	166,297
Adjustments Made By Village	357	42
Fund Cash Fund Balances, January 1, 2007	(57,334)	166,339

**VILLAGE OF MANTUA
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$954,479	\$989,000	\$34,521
Special Revenue	385,540	149,484	(236,056)
Debt Service	43,276	56,055	12,779
Capital Projects	150,914	6,708	(144,206)
Enterprise	1,255,829	1,014,258	(241,571)
Permanent	5,041	1,470	(3,571)
Agency	9,738	0	(9,738)
Total	\$2,804,817	\$2,216,975	(\$587,842)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$858,137	\$851,512	\$6,625
Special Revenue	260,353	199,834	60,519
Debt Service	43,047	43,276	(229)
Capital Projects	136,125	46,818	89,307
Enterprise	1,236,888	1,093,525	143,363
Permanent	1,500	0	1,500
Agency	5,100	4,532	568
Total	\$2,541,150	\$2,239,497	\$301,653

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,174,129	\$921,819	(\$252,310)
Special Revenue	498,048	168,804	(329,244)
Debt Service	43,526	73,177	29,651
Capital Projects	63,614	11,012	(52,602)
Enterprise	1,324,799	1,197,698	(127,101)
Permanent	25,903	1,405	(24,498)
Agency	9,778	0	(9,778)
Total	\$3,139,797	\$2,373,915	(\$765,882)

**VILLAGE OF MANTUA
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

4. BUDGETARY ACTIVITY – (Continued)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,120,020	\$996,971	\$123,049
Special Revenue	374,013	173,001	201,012
Debt Service	43,047	71,656	(28,609)
Capital Projects	58,096	37,214	20,882
Enterprise	1,238,176	1,262,527	(24,351)
Permanent	1,500	943	557
Agency	7,600	55	7,545
Total	\$2,842,452	\$2,542,367	\$300,085

Contrary to Ohio law the Village did not always encumber funds at the time of the commitment.

Also contrary to Ohio law at year end 2007 the general fund had a negative balance of \$93,138 and a reserve for encumbrance balance of \$39,338. Also the General Obligation Bond Retirement Fund had a negative balance of \$12,656.

Also contrary to Ohio law expenditures exceeded appropriations in the following funds for the respective years:

FY 2007

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess Expenditures</u>
3101	\$43,047	\$71,656	(\$28,131)
5101	\$261,163	\$292,365	(\$31,202)
5201	\$430,097	\$454,313	(\$24,216)
5704	\$21,624	\$21,740	(\$116)

FY 2008

3101	\$43,047	\$43,276	(\$229)
5704	\$21,870	\$27,244	(\$5,374)

The Village did not update their budgetary accounting ledgers, which would have alerted the Clerk-Treasurer that appropriations required an adjustment.

5. PROPERTY TAX

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.

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 Village.

**VILLAGE OF MANTUA
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

6. LOCAL INCOME TAX

The Village levies a municipal income tax of 1.5 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.

7. DEBT

Debt outstanding at December 31, 2008 was as follows:

General Obligation Bonds	\$359,000	5.75%
General Obligation Bonds	186,000	4.40%
Ohio Water Development Authority Loan	745,601	2.00%
Ohio Water Development Authority Loan	3,969,580	0.68%
Ohio Water Development Authority Loan	392,946	3.03%
Ohio Public Works Commission Loan	120,000	0.00%
Ohio Public Works Commission Loan	83,250	0.00%
Promissory Notes - 2006 Police Cruisers	39,298	4.75%
Promissory Notes - 2006 Truck	32,388	5.00%
Total	<u>\$5,928,063</u>	

The Ohio Water Development Authority (OWDA) loans relate to water plant construction, Mill Street water project, waste-water treatment plant expansion project, waste-water treatment plant improvements and Waterline Loops and reservoir Pump Station that were mandated by the Ohio Environmental Protection Agency. The OWDA approved a total of \$8,331,731 in loans to the Village for these projects. The Village will repay the plant construction loan in semiannual payment totaling \$91,348 each year, including interest, over 11 years. The Village will repay the waste-water treatment plant expansion project loan in semiannual payment totaling \$317,055 each year, including interest, over 16 years. The Village will repay the waste-water treatment plant improvements loan in semiannual payment totaling \$22,275 each year, including interest, over 2 years. The Village will repay the Waterline Loops and reservoir Pump Station loan in semiannual payment totaling \$36,490 each year, including interest, over 18 years. The scheduled payment amount below assumes that \$5,919,412 will be borrowed for the wastewater treatment plant expansion project. The OWDA will adjust scheduled payment to reflect any revisions in amounts the Village actually borrows. Water and sewer receipts collateralize the loans. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The General Obligation Bonds are collateralized by the Village's taxing authority. The General Obligation Bonds have been used to refurbish the New Administration Building.

The Ohio Public Works Commission Loans (OPWC), relate to projects on the water treatment plant and waste-water treatment plant expansion projects. The OPWC approved a total of \$335,000 in loans for these projects which are collateralized by the Village's water and sewer receipts.

The promissory notes are collateralized. The promissory notes were used to purchase two police cruisers and a truck.

**VILLAGE OF MANTUA
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

7. DEBT – (Continued)

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

2009	444,893	42,462	16,750	41,942
2010	444,893	42,649	16,750	21,224
2011	444,893	42,793	16,750	10,872
2012	444,893	43,895	16,750	2,718
2013	444,893	42,909	16,750	
2014 - 2018	2,133,117	215,878	74,500	
2019 - 2023	1,450,134	213,356	37,500	
2024 - 2028	17,976	94,629	7,500	
2029 - 2033		64,276		
2034 - 2035		25,584		
 Total	 <u>\$5,825,692</u>	 <u>\$828,431</u>	 <u>\$203,250</u>	 <u>\$76,756</u>

8. RETIREMENT SYSTEMS

The Village's full-time Police Officers 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 2008 and 2007, OP&F participants contributed 10% of their wages. For 2008 and 2007, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2008 and 2007, OPERS members contributed 10 and 9.5%, respectively, of their gross salaries and the Village contributed an amount equaling 14 and 13.85%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

9. RISK POOL MEMBERSHIP

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

**VILLAGE OF MANTUA
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

9. RISK POOL MEMBERSHIP – (Continued)

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 retained earnings at December 31: 2007 and 2006 (the latest information available):

	2007	2006
Assets	\$11,136,455	\$9,620,148
Liabilities	<u>(4,273,553)</u>	<u>(3,329,620)</u>
Members' Equity	<u>\$6,862,902</u>	<u>\$6,290,528</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

10. JOINTLY GOVERNED ORGANIZATIONS

Mantua-Shalersville Fire District (the District): The District provides fire and EMS services to its members. District members include 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.

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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*

Village of Mantua
Portage County
4650 West High Street
P.O. Box 775
Mantua, Ohio 44255

To the Village Council:

We have audited the financial statements of the Village of Mantua, Portage County, (the Village) as of and for the years ended December 31, 2007 and 2008, and have issued our report thereon dated December 16, 2009 wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Village 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 Village. 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 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 Village'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 Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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 Village'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 Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503-1293

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www.auditor.state.oh.us

We consider finding 2008-007 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above, finding number 2008-007, is also a material weaknesses.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated December 16, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as findings numbers 2008-001, 2008-002, 2008-003, 2008-004, 2008-005 and 2008-006.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated December 16, 2009.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

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



Mary Taylor, CPA
Auditor of State

December 16, 2009

VILLAGE OF MANTUA
PORTAGE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER	2008-001
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Findings for Recovery

The former Clerk-Treasurer, Betsy Woolf owned Side Street Café, a restaurant and also owned a rental property. From her personal account Ms. Woolf made a water payment for this restaurant for \$500 on February 2, 2008, and a water payment for her rental property for \$167.14 on February 29, 2008. The Water Resources Department Clerk posted the payments to the appropriate accounts and created a deposit slip. The Water Resource Clerk then gave the checks and deposit slip to Ms. Woolf, for deposit. Ms. Woolf removed the checks from the deposits and crossed out the amounts on the deposit slip. A total of \$667.14 was not deposited.

Additionally, a cash payment of \$435 was made by a customer for their water and sewer bill on January 8, 2008, to the Water Resources Department Clerk. The Water Resources Department Clerk then issued a receipt for the payment and updated the customer account to reflect the payment. The Water Resource Clerk gave the monies and deposit slip to Ms Woolf. Ms. Woolf failed to deposit the cash into Village's bank account.

In accordance with the forgoing facts, and pursuant to the Ohio Revised Code Section 117.28, a finding for recovery for public monies being collected but not accounted for is hereby issued against Betsy Woolf, former Clerk-Treasurer, and Ohio Government Risk Management Plan, her surety, in the amount of \$1,102.14 in favor of the Enterprise Fund of the Village of Mantua.

Client Response:

The current Village Clerk-Treasurer discovered inconsistencies in the Water and Sewer Funds while trying to reconcile the books for March 2008, her first month in office. Upon discovering the issue, she contacted the Auditor of State's Office and provided the Auditor's investigative team all information requested. The Clerk-Treasurer also provided the two-year audit team with all relevant information.

To safeguard against future similar occurrences, the Village has implemented a new procedure of reconciling the monthly report from the Water-Sewer collections with the UAN monthly reports, along with review by the Finance Committee. (See response to 2008-006)

FINDING NUMBER	2008-002
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Findings for Recovery

The Village Administrator was to be charged the value of a fringe benefit of \$3.00 per day for the personal use of the Village vehicle.

This arrangement, however, was incorrectly set up in the Village payroll system. As a result, the Village Administrator was not charged the value of the fringe benefit. Rather, he received the dollar amount of the fringe benefit, in addition to his normal wages.

**FINDING NUMBER 2008-002
 (Continued)**

The Village Administrator was mistakenly compensated \$717 in 2008 and \$750 in 2007 in dollars for the use of the Village vehicle.

	Amount Paid Under Former Fiscal Officer	Amount Paid under Current Fiscal Officer	Total
2007	750.00	000.00	750.00
2008	297.00	420.00	717.00
	\$1,047.00	\$420.00	\$1,467.00

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Edward Trego, Village Administrator for \$1,467 and is in favor of the Village of Mantua.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of such expenditure. *Seward v. National Surety Co.* (1929), 120 Ohio St. 47, 198 Op. Att'y Gen No. 80-074, Ohio Revised Code Section 9.38, *State ex. Rel. Village of Lindale v. Mastern* (1985), 18-Ohio St. 3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property 1980 Op. Att'y Gen. No. 80-074.24.

The Village employed two different Fiscal Officers during this audit period; each fiscal officer and her bonding company will be jointly and severally liable for the amount that was paid during each individual's respective term. Accordingly, Betsy Woolf, former Fiscal and her bonding company, Ohio Government Risk Management Plan are jointly and severally liable in the amount of \$1,047.00 in favor of the Village of Mantua. Jenney August, Fiscal Officer, and her bonding company, Ohio Government Risk Management Plan are jointly and severally liable in the amount of \$420.00 in favor of the Village of Mantua.

FINDING NUMBER	2008-003
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Finding For Recovery Repaid Under Audit

Council wages are based on the number of meetings they attend. Mr. James Rogers, Board President was compensated for a total of 17 meeting in 2008, (\$75 dollars per meeting). Mr. Rogers, however only attended 15 meeting; this resulted in an overpayment of \$150 dollars.

In accordance with the forgoing facts, and pursuant to the Ohio Revised Code Section 117.28, a finding for recovery for public monies illegally expended is hereby issued against James Rogers in the amount of \$150 in favor of the General Fund of the Village of Mantua.

This amount was repaid under audit on September 16, 2009.

FINDING NUMBER	2008-004
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Noncompliance Citation

Ohio Revised Code Section 5705.10(H) states money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

**FINDING NUMBER 2008-004
 (Continued)**

Village had the following negative fund balances at December 31, 2007:

Fund #	Fund Name	Fund Balance
1000	General Fund	(\$93,138)
3101	General Obligation Bond Retirement Fund	(\$12,656)

The Village should review the current financial status of its funds and should be cognizant of the revenue sources collected in comparison to the expenditures incurred in order to maintain the general services of the Village. We also recommend the Village review their budget activity to ensure there are no negative fund balances during the year.

Client Response:

General Fund 1000 - The Village recognizes that during the time in question, purchase requisitions were being issued whether funds were available or not. All of the various Village funds were pooled into one bank account, from which monies continued to be withdrawn, without regard for which fund should be debited. A password had been employed to override safeguards in the accounting software and allow continued spending even though funds had negative balances.

Council acknowledges that O.R.C. section 5705.10(H) states that monies paid into a fund must be used only for the purposes for which such fund has been established. After careful planning, a series of fiscally responsible procedures have been implemented. Payroll and Operational expenses were reduced to emergency spending only. By August 2008, no funds reflected negative balances and have continued to have positive balances since that time. The Village will continue to review the financial status of its funds to ensure that all funds maintain positive balances, and will monitor the revenue sources collected in comparison to expenditures in all funds of the Village budget.

General Obligation Bond Retirement Fund 3101- In July 2008, the Clerk-Treasurer made arrangements with the County Auditor to distribute the monies received from real property taxes into two funds. The General Obligation Bond Retirement fund will be allocated the amount required to satisfy the semiannual payment for which this fund exists. The remaining property tax monies collected will be deposited to the General Fund. This will ensure that there will always be sufficient money in Fund 3101 to make the scheduled payment.

FINDING NUMBER	2008-005
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Noncompliance Citation

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated.

**FINDING NUMBER 2008-005
 (Continued)**

Expenditures exceeded appropriations in the following funds for the respective years:

FY 2007

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess Expenditures</u>
3101	\$43,047	\$71,178	(\$28,131)
5101	\$261,163	\$292,365	(\$31,202)
5201	\$430,097	\$454,313	(\$24,216)
5704	\$21,624	\$21,740	(\$116)

FY 2008

3101	\$43,047	\$43,276	(\$229)
5704	\$21,870	\$27,244	(\$5,374)

The Village did not update their budgetary accounting ledgers, which would have alerted the Clerk-Treasurer that appropriations required an adjustment.

Client Response:

Village Council recognizes that O.R.C. section 5705.41(B) states that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated, and that in certain instances in Fiscal Years 2007 and 2008, expenditures did exceed appropriations.

In order to avoid recurrence of these issues, the Clerk-Treasurer and Finance Committee has begun and will continue to verify appropriations with amortization schedules to ensure that the appropriations are sufficient to pay the correct amounts needed. The Clerk-Treasurer has developed a spreadsheet to assist in making sure that appropriations are not exceeded. The Certificate of Estimated Resources will be amended as needed in order for appropriations to be increased when and if it is necessary.

FINDING NUMBER	2008-006
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Noncompliance Citation

Ohio Rev. Code § 5705.41 (D), states no orders or contracts involving the expenditure of money are to be made unless a certificate signed by the fiscal officer is attached. The fiscal officer must certify that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D) (1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **Then and Now Certificate:** If the fiscal officer can certify that both at the time that the contract or order was made "then" at the time that he is completing his certification "now", sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

**FINDING NUMBER 2008-006
(Continued)**

Amounts of less than \$100 for counties, or less than \$3,000 (\$1,000 prior to April 7, 2003) for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority

2. Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Village did not always encumber funds at the time of the commitment. We noted 25 of 61 expenditures tested where the Village did not always encumber funds at the time of the commitment.

Incurring obligations prior to the fiscal officer's certification could result in the Village spending more than appropriated. At year end 2007 the general fund had a negative balance of \$93,138 and a reserve for encumbrance balance of \$39,348.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the Village's funds exceeding budgetary spending limitations, we recommend that the fiscal officer certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, “then and now” certification could be used but not misused, we noted 7 within our testing selection.

We recommend the Village certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) required to authorize disbursements. The fiscal officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Client Response:

Village Council recognizes that O.R.C. section 5705.41(D) states that no orders or contracts involving the expenditure of money are to be made unless a certificate signed by the fiscal officer is attached certifying that the amount required has been lawfully appropriated and is in the treasury or in the process of collection to the credit of the appropriate fund, free from any previous encumbrances.

**FINDING NUMBER 2008-006
(Continued)**

In 2008, the Village began using Purchase Requisitions. A Purchase Requisition form is given or faxed to the Clerk-Treasurer's office. The Purchase requisition is signed by the requesting department head before sending to the Clerk-Treasurer's office. The Clerk-Treasurer checks availability of funds and then issues a Purchase Order. The Clerk-Treasurer will also inform the various vendors used by the Village that no orders are to be filled unless the employee making the purchase presents a valid signed purchase order.

FINDING NUMBER	2008-007
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Material Weakness

Reconciliation of UAN accounting computer system records to subsidiary records

The Village utilizes three different accounting software programs: Municipal Income Tax Accounting System, Water and Sewer Collection Accounting System, and the Uniform Accounting System (UAN).

The daily collections for both Municipal Income Tax and Water and Sewer are deposited daily by the Clerk-Treasurer and posted to the UAN system.

Accurate and complete financial data is critical and controls over this process is also critical and necessary to ensure the accuracy of the financial reports generated from the UAN system, since the reports are use by management for financial decisions.

No one reconciles the daily bank deposit and posting made to the UAN system by the Clerk-Treasurer to the Municipal Income Tax or Water and Sewer collections subsidiary ledgers to ensure that the proper amounts were posted and deposited. As a result, the Water and Sewer Department had public monies collected but were not accounted for by the Former Clerk-Treasurer. This amount was immaterial to the financial statements, see finding number 2008-001. Also the UAN system noted NSF checks for sewer and water payments that were not noted on the water and sewer subsidiary ledgers.

We recommend that the three accounting systems be reconciled on a monthly basis. The Municipal Income Tax and the Water and Sewer Accounting Systems should generate and print detail revenue/expenditure reports that reflect daily and other totals of cash received or disbursed per subsidiary records and reconciled to the UAN system.

The Water and Sewer Department Clerk should reconcile the reports generated from their system (i.e. Water & Sewer Receipt Pay-Ins, Monthly Summary Account, etc) to the UAN system. Also the same process should be performed for the Municipal Income Tax system. However to ensure proper segregation of duties because the same person who posts to the Income tax system also is responsible for updating the UAN system and generates the reports, we recommend that the Chairman of the Finance Committee review the reconciliations, sign and date his review to aid in monitoring controls and provide evidence that this process was performed.

This will increase Council awareness of interim financial activity and also help gauge the Village's financial status on a regular basis. This type of review will also provide additional checks and balances to reduce the risks inherent in a control environment which lacks a segregation of accounting duties.

**FINDING NUMBER 2008-007
(Continued)**

Client Response:

To address this weakness, the Clerk-Treasurer will review all financial data beginning with January of 2009 and reconcile each month between the UAN, the Water Sewer Collections program, and the Municipal Income Tax program. Additionally, the Village has implemented the following procedures beginning August 2009:

- A. The Utility billing Clerk will provide the Clerk-Treasurer with a report of monies collected for the month from water & sewer payments. The Clerk-Treasurer will run a report of all water & sewer deposits from the UAN. These reports should show the same amount of monies collected.
- B. A report will be run from the Municipal Income Tax program showing the batches, or daily totals of Income Tax monies collected. The Clerk-Treasurer will also run a report from the UAN showing the amount of money deposited for Income Tax. Each batch will match the deposit amount for the day.
- C. These reports will be reviewed by the Finance Committee every month and signed by the Chairman of Finance. The signed report will be placed with the monthly reconciliation packet.

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**VILLAGE OF MANTUA
PORTAGE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
YEARS ENDED DECEMBER 31, 2007 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2006-001	ORC 5705.10(H) – Negative Fund Balances	No	Partially Corrected - Re-Issued for 2007 – See Finding No# 2008-004
2006-002	ORC 5705.41 (D) - Certification of the Availability of Funds	No	Re-Issued - See Finding No# 2008-006
2006-003	ORC 531.14 – Competitive bidding procedures and Prevailing Wage Law	Yes	
2006-004	ORC 731.12 – prohibits members of a Village Council from other Village employment	Yes	
2006-005	ORC 2921.42(A) - Having an unlawful interest in a public contract:	Yes	



Mary Taylor, CPA
Auditor of State

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
FEBRUARY 2, 2010