



Dave Yost • Auditor of State

VILLAGE OF MANTUA
PORTAGE COUNTY

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Dave Yost • Auditor of State

Village of Mantua
Portage County
4650 West High Street
PO 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 7, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Mantua
Portage County
4650 West High Street
PO 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, 2010 and 2009. 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(A) mandates 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.

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, 2010 and 2009 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, 2010 and 2009, 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, 2010 and 2009, 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 June 7, 2011, 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.



Dave Yost
Auditor of State

June 7, 2011

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, 2010**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
Cash Receipts:						
Property and Local Taxes	\$26,934	\$16,814	\$42,649	\$0	\$0	\$86,397
Municipal Income Tax	419,339					419,339
Intergovernmental	132,351	123,174				255,525
Special Assessments				7,400		7,400
Charges for Services	69,464	5,559		21,015		96,038
Fines, Licenses and Permits	30,827					30,827
Earnings on Investments	6,701	1,366			1,622	9,689
Miscellaneous	250			1,844	265	2,359
Total Cash Receipts	685,866	146,913	42,649	30,259	1,887	907,574
Cash Disbursements:						
Current:						
Security of Persons and Property	407,921	365				408,286
Public Health Services	406	17,417				17,823
Leisure Time Activities	13,441			70		13,511
Community Environment	6,368	2,832				9,200
Transportation	3,487	129,654				133,141
General Government	191,574					191,574
Debt Service:						
Redemption of Principal	16,497	3,298	20,000			39,795
Interest and Fiscal Charges	1,333	326	22,649			24,308
Capital Outlay		7,577		25,343	998	33,918
Total Cash Disbursements	641,027	161,469	42,649	25,413	998	871,556
Total Receipts Over/(Under) Disbursements	44,839	(14,556)	0	4,846	889	36,018
Other Financing Receipts / (Disbursements):						
Transfers-In				9,000		9,000
Transfers-Out	(15,000)					(15,000)
Advances-In		4,000		3,000		7,000
Advances-Out	(53,431)					(53,431)
Other Financing Sources	4,017	9,112				13,129
Total Other Financing Receipts / (Disbursements)	(64,414)	13,112	0	12,000	0	(39,302)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(19,575)	(1,444)	0	16,846	889	(3,284)
Fund Cash Balances, January 1 (See Note 2)	21,334	122,885	123	21,809	40,486	206,637
Fund Cash Balances, December 31	\$1,759	\$121,441	\$123	\$38,655	\$41,375	\$203,353
Reserve for Encumbrances, December 31	\$5,643	\$9,733	\$0	\$0	\$0	\$15,376

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, 2010**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$670,717	\$0	\$670,717
Fines, Licenses and Permits	\$147		147
Miscellaneous	7,844		7,844
	<hr/>		<hr/>
Total Operating Cash Receipts	678,708	0	678,708
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Operating Cash Disbursements:			
Personal Services	91,657		91,657
Employee Fringe Benefits	36,207		36,207
Contractual Services	88,394		88,394
Supplies and Materials	53,240		53,240
Other		35	35
	<hr/>	<hr/>	<hr/>
Total Operating Cash Disbursements	269,498	35	269,533
	<hr/>		<hr/>
Operating Income/(Loss)	409,210	(35)	409,175
	<hr/>		<hr/>
Non-Operating Cash Receipts:			
Special Assessments	3,960		3,960
Other Non-Operating Cash Receipts	44,237		44,237
	<hr/>		<hr/>
Total Non-Operating Cash Receipts	48,197	0	48,197
	<hr/>		<hr/>
Non-Operating Cash Disbursements:			
Capital Outlay	3,052		3,052
Redemption of Principal	406,424		406,424
Interest and Other Fiscal Charges	52,079		52,079
	<hr/>		<hr/>
Total Non-Operating Cash Disbursements	461,555	0	461,555
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Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(4,148)	(35)	(4,183)
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Transfers-In	248,209		248,209
Transfers-Out	(242,209)		(242,209)
			0
Advances-In	46,431		46,431
	<hr/>		<hr/>
Net Receipts Over/(Under) Disbursements	48,283	(35)	48,248
	<hr/>		<hr/>
Fund Cash Balances, January 1 (See Note 2)	(36,902)	4,967	(31,935)
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Fund Cash Balances, December 31	<u>\$11,381</u>	<u>\$4,932</u>	<u>\$16,313</u>
	<hr/>		<hr/>
Reserve for Encumbrances, December 31	<u>\$2,471</u>	<u>\$0</u>	<u>\$2,471</u>
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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, 2009**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
Cash Receipts:						
Property and Local Taxes	\$29,376	\$15,854	\$42,463	\$0	\$0	\$87,693
Municipal Income Tax	426,373					426,373
Intergovernmental	107,815	126,692				234,507
Charges for Services	51,888	2,601		6,417		60,906
Fines, Licenses and Permits	34,161					34,161
Earnings on Investments	13,531	1,549			1,542	16,622
Miscellaneous		200		900		1,100
Total Cash Receipts	663,144	146,896	42,463	7,317	1,542	861,362
Cash Disbursements:						
Current:						
Security of Persons and Property	432,433	1,131				433,564
Public Health Services		13,944				13,944
Leisure Time Activities	13,063			20		13,083
Community Environment	5,727	363				6,090
Transportation	5,575	139,303				144,878
General Government	186,871					186,871
Debt Service:						
Redemption of Principal	15,649	3,136	19,000			37,785
Interest and Fiscal Charges	2,181	488	23,463			26,132
Capital Outlay		6,745		7,386		14,131
Total Cash Disbursements	661,499	165,110	42,463	7,406	0	876,478
Total Receipts Over/(Under) Disbursements	1,645	(18,214)	0	(89)	1,542	(15,116)
Other Financing Receipts / (Disbursements):						
Proceeds from Sale of Public Debt:						
Sale of Fixed Assets				36,298		36,298
Transfers-In	36,894	3,000				39,894
Transfers-Out	(3,000)			(36,894)		(39,894)
Advances-In	23,990	21,080		1,373		46,443
Advances-Out	(74,454)	(23,990)				(98,444)
Other Financing Uses	2,870	8,456				11,326
Total Other Financing Receipts / (Disbursements)	(13,700)	8,546	0	777	0	(4,377)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(12,055)	(9,668)	0	688	1,542	(19,493)
Fund Cash Balances, January 1 - (See Note 2)	33,074	132,553	123	21,121	38,944	225,815
Fund Cash Balances, December 31	\$21,019	\$122,885	\$123	\$21,809	\$40,486	\$206,322
Reserve for Encumbrances, December 31	\$4,409	\$645	\$0	\$0	\$0	\$5,054

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, 2009**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$640,241	\$0	\$640,241
Fines, Licenses and Permits	553		553
Miscellaneous	8,394		8,394
	<u>649,188</u>	<u>0</u>	<u>649,188</u>
Total Operating Cash Receipts			
Operating Cash Disbursements:			
Personal Services	109,447		109,447
Employee Fringe Benefits	34,105		34,105
Contractual Services	108,044		108,044
Supplies and Materials	63,499	297	63,796
	<u>315,095</u>	<u>297</u>	<u>315,392</u>
Total Operating Cash Disbursements			
Operating Income/(Loss)	<u>334,093</u>	<u>(297)</u>	<u>333,796</u>
Non-Operating Cash Receipts:			
Special Assessments	7,310		7,310
Miscellaneous Receipts		277	277
Other Non-Operating Cash Receipts	1,766		1,766
	<u>9,076</u>	<u>277</u>	<u>9,353</u>
Total Non-Operating Cash Receipts			
Non-Operating Cash Disbursements:			
Capital Outlay	2,179		2,179
Redemption of Principal	401,968		401,968
Interest and Other Fiscal Charges	56,535		56,535
Other Non-Operating Cash Disbursements		219	219
	<u>460,682</u>	<u>219</u>	<u>460,901</u>
Total Non-Operating Cash Disbursements			
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(117,513)	(239)	(117,752)
Transfers-In	178,981		178,981
Transfers-Out	(178,981)		(178,981)
Advances-In	52,000		52,000
Net Receipts Over/(Under) Disbursements	(65,513)	(239)	(65,752)
Fund Cash Balances, January 1	<u>28,245</u>	<u>5,206</u>	<u>33,451</u>
Fund Cash Balances, December 31	<u>(\$37,268)</u>	<u>\$4,967</u>	<u>(\$32,301)</u>
Reserve for Encumbrances, December 31	<u>\$1,929</u>	<u>\$0</u>	<u>\$1,929</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, 2010 AND 2009**

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 emergency medical services to Village residents

Public Entity Risk Pool:

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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, 2010 AND 2009
(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 Fund – This fund receives motor vehicle license 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 from a contract for dispatch services to other communities. The proceeds are used to purchase 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 funds:

Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from numerous trust agreements. These earnings are used for the general maintenance and upkeep of the Village's cemetery.

**VILLAGE OF MANTUA
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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.

Water Debt Service Fund - This fund receives monthly transfers from the Water Operating Fund to meet the Debt Service requirements related to water operations.

Sewer Debt Service Fund - This fund receives monthly transfers from the Sewer Operating Fund to meet the Debt Service requirements related to sewer operations.

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.

**VILLAGE OF MANTUA
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2010 and 2009 budgetary activity appears in Note 4.

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. PRIOR PERIOD RESTATEMENT

The Village voided checks that were outstanding for an extended period of time. In addition, the village erroneously inactivated their Cemetery Endowment Fund prior to the beginning of 2009. The following resulted from the voided checks and placing the proper amount in the Permanent Fund called Cemetery Endowment:

2009 Fund balance Restatement	General Fund	Permanent Fund
Fund Cash Balance, December 31, 2008 (Before Adjustment)	\$ 45,560	\$ 26,111
Adjustment for Cemetery Endowment Fund	<u>(12,833)</u>	<u>12,833</u>
Subtotal	32,727	38,944
Adjustments related to voided checks	<u>347</u>	<u>0</u>
Adjusted Fund Balance as of January 1, 2009	33,074	38,944

2010 Fund balance Restatement	General Fund	Enterprise Fund
Fund Cash Balance, December 31, 2009 (Before Adjustment)	\$ 21,019	(37,268)
Adjustments related to voided checks	<u>315</u>	<u>366</u>
Adjusted Fund Balance as of January 1, 2010	21,334	(36,902)

**VILLAGE OF MANTUA
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. 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:

	2010	2009
Demand deposits	\$134,044	(\$8,776)
Certificates of deposit	85,622	82,635
Other time deposits, (savings and NOW accounts)	0	100,162
Total deposits	219,666	174,021

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Village to a successful claim by the FDIC.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$676,825	\$689,883	\$13,058
Special Revenue	159,916	156,025	(3,891)
Debt Service	42,649	42,649	0
Capital Projects	40,400	39,259	(1,141)
Permanent	1,550	1,887	337
Enterprise	1,148,315	975,114	(173,201)
Total	\$2,069,655	\$1,904,817	(\$164,838)

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$734,357	\$661,670	\$72,687
Special Revenue	195,126	171,202	23,924
Debt Service	42,649	42,649	0
Capital Projects	31,400	25,413	5,987
Permanent	4,200	998	3,202
Enterprise	1,035,092	975,733	59,359
Total	\$2,042,824	\$1,877,665	\$165,159

**VILLAGE OF MANTUA
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

4. BUDGETARY ACTIVITY – (Continued)

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$743,607	\$702,908	(\$40,699)
Special Revenue	176,168	149,896	(26,272)
Debt Service	42,463	42,463	0
Capital Projects	43,671	43,615	(56)
Permanent	1,510	1,542	32
Enterprise	1,177,123	837,245	(339,878)
Total	\$2,184,542	\$1,777,669	(\$406,873)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$750,809	\$668,908	\$81,901
Special Revenue	234,034	165,755	68,279
Debt Service	42,463	42,463	0
Capital Projects	45,767	44,300	1,467
Permanent	1,500	0	1,500
Enterprise	1,126,486	956,687	169,799
Total	\$2,201,059	\$1,878,113	\$322,946

Contrary to Ohio law, at December 31, 2009, the Village's Water Debt Service Fund and Sewer Debt Service Fund had negative fund balances of \$14,759 and \$32,889, respectively. Both funds are Enterprise funds.

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, 2010 AND 2009
(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, 2010 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loans	\$4,521,698	0.68 to 3.03%
General Obligation Bonds	\$506,000	4.40 to 5.75%
Ohio Public Works Commission Loans	\$169,750	0%
General Obligation Notes	31,331	5.00%
Total	\$5,228,779	

There are three Ohio Water Development Authority (OWDA) loans which 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 7 years. The Village will repay the waste-water treatment plant expansion project loan in semiannual payment totaling \$306,669 each year, including interest, over 12 years. The Village will repay the Waterline Loops and reservoir Pump Station loan in semiannual payment totaling \$36,490 each year, including interest, over 14 years. 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.

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

There are two Ohio Public Works Commission Loans (OPWC) related 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, 2010 AND 2009
(Continued)**

7. DEBT - (Continued)

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

Year ending December 31:	OWDA Loans	General Obligation Bonds	OPWC Loans	General Obligation Notes
2011	\$434,508	\$42,793	\$16,750	\$28,702
2012	\$434,508	43,894	\$16,750	2,629
2013	\$434,508	42,909	\$16,750	
2014	\$434,508	42,925	\$16,750	
2015	\$434,508	42,897	\$16,750	
2016-2020	1,898,495	214,364	56,000	
2021-2025	740,786	185,314	30,000	
2026-2030		64,612		
2031-2035		63,612		
Total	<u>\$4,811,821</u>	<u>\$743,320</u>	<u>\$169,750</u>	<u>\$31,331</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 2010 and 2009, OP&F participants contributed 10% of their wages. For 2010 and 2009, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2010 and 2009, OPERS members contributed 10 of their gross salaries and the Village contributed an amount equaling 14 of participants' gross salaries. The Village has paid all contributions required through December 31, 2010.

9. RISK POOL MEMBERSHIP

Through December 31, 2008, the Government belonged 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 Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

**VILLAGE OF MANTUA
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

9. RISK POOL MEMBERSHIP – (Continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management (“OPRM”), are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retain 17.5% (15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 725 members as of December 31, 2009. The Government participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 60 members as of December 31, 2009. The Government does not participate in this coverage.

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: 2009 and 2008 (the latest information available), and include amounts for both OPRM and OPHC:

	2009 OPRM	2009 OPHC	2009	2008
Assets	\$11,176,186	\$1,358,802	\$12,534,988	\$10,471,114
Liabilities	(4,852,485)	(1,253,617)	(6,106,102)	(5,286,781)
Members’ Equity	\$6,323,701	\$105,185	\$6,428,886	\$5,184,333

You can read the complete audited financial statements for OPRM and OPHC 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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Dave Yost • 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
PO 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, 2010 and 2009, and have issued our report thereon dated June 7, 2011 wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted 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(A) mandates 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2010-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 7, 2011.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

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



Dave Yost
Auditor of State

June 7, 2011

**VILLAGE OF MANTUA
PORTAGE COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-01

Negative Fund Balances in the Water and Sewer Debt Service Funds

<i>Finding Number</i>	2010-001
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NONCOMPLIANCE

Ohio Revised Code Section 5705.10(H) states that 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.

At December 31, 2009, the Village's Water Debt Service Fund and Sewer Debt Service Fund had negative fund balances of \$14,759 and \$32,889, respectively. These funds also had negative fund balances at January 31, 2010 of \$14,759 and \$20,906, respectively.

The negative fund balances in these funds is directly related to the level of the charges for water and sewer services, as they do not seem to be high enough to cover the costs of running the water and sewer operations of the Village. This is evident in the amount of advances made to these funds during 2010 from the General Fund.

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

Official's Response: The Village was able to make the debt payment on time because the monies are all pooled into one checking account. The Village could have advanced money into the water and sewer debt funds, however, the General Fund would then have dropped into a negative balance. It was decided that putting the General Fund into the negative would have been more of a detriment to the Village than the actual enterprise funds.

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**VILLAGE OF MANTUA
PORTAGE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Finding For Recovery – Theft In Office	Yes	
2008-002	Finding For Recovery – Compensation Overpayment	Yes	
2008-003	Finding For Recovery – Compensation Overpayment	Yes	
2008-004	Ohio Revised Code Section 5705.10(H) – Negative Fund Balances	No	Not Corrected, See Finding 2010-001
2008-005	Ohio Revised Code Section 5705.41(B) – Expenditures exceeding Appropriations	Yes	
2008-006	Ohio Rev. Code § 5705.41 (D) – certifying the availability of funds	No	Not Corrected, placed in Management Letter
2008-007	Reconciliation of UAN accounting computer system records to subsidiary records	No	Partially Corrected, placed remaining in Management Letter

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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
JUNE 23, 2011