



Mary Taylor, CPA
Auditor of State

Village of Mantua
Portage County, Ohio

Fiscal Watch Analysis
As of December 31, 2007

Local Government Services



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Auditor of State

Declaration of Fiscal Watch

The Auditor of State performed a fiscal analysis of the Village of Mantua pursuant to Section 118.022 of the Ohio Revised Code. This analysis indicates and it is hereby declared that a fiscal watch exists at the Village of Mantua as defined in Sections 118.022(A)(1) and (2) of the Ohio Revised Code.

Accordingly, on behalf of the Auditor of State, this report is hereby submitted and filed with Donna Hawkins, Mayor of the Village of Mantua, and the Portage County Budget Commission.

Mary Taylor

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August 26, 2008

Village of Mantua, Portage County

Fiscal Watch Analysis

Introduction

In response to a request from Mayor Donna Hawkins, as provided for in Section 118.021 of the Ohio Revised Code, the Auditor of State performed an analysis for the Village of Mantua, Portage County, as of December 31, 2007, to determine if the Village should be placed in fiscal watch.

A village is placed in fiscal watch if any one of four conditions described in Section 118.022 of the Ohio Revised Code exists as of December 31. The four conditions are: 1) significant past due accounts payable; 2) substantial deficit balances in village funds; 3) a sizeable deficiency in the village's treasury when the balance is compared to the positive cash balances of the village's funds; and 4) a large forecasted general fund deficit at the end of the current year.

This report identifies the procedures performed and the conclusions reached with respect to each condition as of December 31, 2007.

Past Due Accounts Payable from the General Fund and All Funds

Section 118.022(A)(1) of the Ohio Revised Code defines a fiscal watch condition as the existence of either of the following situations:

- (a) All accounts that were due and payable from the general fund of a municipal corporation, county, or township at the end of the preceding fiscal year that had been due and payable for at least thirty days at the end of the fiscal year or to which a penalty was added for failure to pay by the end of the fiscal year, less the year end balance in the general fund, exceeded one-twelfth of the general fund budget for that year.
- (b) All accounts that were due and payable at the end of the preceding fiscal year from all funds of a municipal corporation, county, or township and that had been due and payable for at least thirty days at the end of the fiscal year or to which a penalty was added for failure to pay by the end of the fiscal year, less the year end balance in the general fund and in the respective special funds available to pay such accounts, exceeded one-twelfth of the available revenues during the preceding fiscal year, excluding nonrecurring receipts of the general fund and of all special funds from which such accounts are payable.

We prepared a list of accounts payable as of December 31, 2007, that were due and payable from the General Fund, and that had been due and payable for at least thirty days, or to which a penalty had been added for failure to pay as of December 31, 2007, including, but not limited to, final judgments, fringe benefits payments due and payable, and amounts due and payable to persons and other governmental entities, including any interest penalties. From this amount, we subtracted the year end fund balance available in the General fund to determine if the accounts payable in excess of the available fund balance exceeded one twelfth of the General Fund revenues for the year.

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Schedule I

Accounts Payable Over 30 Days Past Due
Ohio Revised Code Section 118.022(A)(1)(a)
As of December 31, 2007

	Payables Over 30 Days Past Due	Fund Balance Available	Payables In Excess of Available Balance	One-Twelfth of Available Revenues	Payables in Excess of General Fund Revenues
General Fund	\$107,394	\$0	\$107,394	\$100,000	\$7,394

We prepared a second list of accounts payable as of December 31, 2007, that were due and payable from all funds of the Village, and that had been due and payable for at least thirty days or to which a penalty had been added for failure to pay as of December 31, 2007, including, but not limited to, final judgments, fringe benefit payments due and payable, and amounts due and payable to persons and other governmental entities including any interest penalties. From this amount, we subtracted the year-end fund balance in the general fund and the respective special funds available to pay such outstanding bills. We then determined if the accounts payable in excess of the available fund balance exceeded one-twelfth of the available revenues during 2007, excluding non-recurring receipts, of the general fund and of all special funds from which such accounts are lawfully payable.

Schedule II

Accounts Payable Over 30 Days Past Due
Ohio Revised Code Section 118.022(A)(1)(b)
As of December 31, 2007

	Payables Over 30 Days Past Due	Fund Balance Available	Payables In Excess of Available Balance	One-Twelfth of Available Revenues	Payables in Excess of General Fund Revenues
General Fund	\$107,394	\$0	\$107,394	\$100,000	\$7,394
Glacial Esker Fund	438	0	438	0	438
Storm Sewers	4,743	2,667	2,076	500	1,576
Sewer Operating	43,161	6,631	36,530	34,540	1,990
Water Enterprise Improvement	35,013	6,319	28,694	11,250	17,444
Totals	<u>\$190,749</u>	<u>\$15,617</u>	<u>\$175,132</u>	<u>\$146,290</u>	<u>\$28,842</u>

Conclusion: Schedules I and II indicate that a fiscal watch condition exists under Section 118.022(A)(1) of the Ohio Revised Code as of December 31, 2007. Accounts payable which were at least thirty days past due as of December 31, 2007 from the general fund and all funds exceeded-one-twelfth of the available revenue.

Deficit Fund Balances

Section 118.022(A)(2) of the Ohio Revised Code defines a fiscal watch condition as:

The existence of a condition in which the aggregate of deficit amounts of all deficit funds at the end of the preceding fiscal year, less the total of any year-end balance in the general fund and in

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any special fund that may be transferred as provided in Section 5705.14 of the Ohio Revised Code to meet such deficit, exceeded one-twelfth of the total of the general fund budget for that year and the receipts to those deficit funds during that year other than from transfers from the general fund.

We computed the adjusted aggregate sum of all deficit funds at December 31, 2007, by subtracting all accounts payable and encumbrances from the year-end cash fund balance of each fund. We then determined if the aggregate deficit fund balance exceeded one-twelfth of the general fund budget and one-twelfth of the revenues lawfully available to those deficit funds. We then identified funds that may be transferred, as provided in Section 5705.14 of the Ohio Revised Code, to meet such deficits to arrive at the unprovided portion of the aggregate deficit.

Schedule III

Deficit Fund Balances
Ohio Revised Code Section 118.022(A)(2)
As of December 31, 2007

	Cash Fund Balance	Less Accounts Payable and Encumbrances	Adjusted Aggregate Sum of Funds with Deficit Balances	One-Twelfth General Fund Budget/Fund Receipts	Unprovided Portion of Aggregate Deficit
General	(\$93,726)	\$146,742	(\$240,468)	\$100,000	(\$140,468)
Glacial Esker	0	3,438	(3,438)	0	(3,438)
Storm Sewers	2,793	4,869	(2,076)	0	(2,076)
Bond Retirement	(12,656)	0	(12,656)	2,135	(10,521)
Water Operating	4,967	48,732	(43,765)	20,560	(23,205)
Totals	<u>(\$98,622)</u>	<u>\$203,781</u>	<u>(\$302,403)</u>	<u>\$122,695</u>	(179,708)
Funds Available for Transfer					<u>64,766</u>
Total Unprovided Portion of Aggregate Deficit					<u>(\$114,942)</u>

Because the amount of the general fund deficit was so large, we performed a further analysis to determine if the Village should be declared in fiscal emergency. While a fiscal emergency condition exists at December 31, 2007, the condition did not exist at May 31, 2008. The condition must exist at both dates in order to justify a fiscal emergency declaration.

Conclusion: A fiscal watch condition exists under Sections 118.022(A)(2) of the Ohio Revised Code as of December 31, 2007. The adjusted aggregate balance of those funds with a deficit at December 31, 2007, did exceed one-twelfth of the General Fund receipts and the receipts of the respective deficit funds and funds that are available for transfer to meet such deficits.

Treasury Deficiency

Section 118.022(A)(3) of the Ohio Revised Code defines a fiscal watch condition as:

The existence of a condition in which, at the end of the preceding fiscal year, moneys and marketable investments in or held for the unsegregated treasury of a municipal corporation, county, or township, minus outstanding checks and warrants, were less in amount than the aggregate of the positive balances of the general fund and those special funds the purposes of

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which the unsegregated treasury is held to meet, and such deficiency exceeded one-twelfth of the total amount received into the unsegregated treasury during the preceding fiscal year.

We verified the Village's reconciliation of its bank balance to its cashbook balance for all funds as of December 31, 2007, which included subtracting reconciling factors to arrive at a treasury balance. We then determined the aggregate sum of all positive fund cash balances, the purpose of which the unsegregated treasury is held to meet, to determine the treasury deficit. We then subtracted from the treasury deficit one-twelfth of the amount received into the treasury during 2007 to determine if a treasury deficiency exists.

Schedule IV

Treasury Balance
Ohio Revised Code Section 118.022(A)(3)
As of December 31, 2007

	Amounts at <u>December 31, 2007</u>
Bank Cash Balance	
Middlefield Bank	\$277,786
Less: Outstanding Checks	<u>(21,790)</u>
 Total Treasury Balance	 <u>255,996</u>
 Positive Cash Fund Balances:	
Street	29,144
State Highway	40,159
Cemetery	14,634
Gerald F. Buchert Park Trail	12,726
Permissive Motor Vehicle	76,963
Storm Sewers	2,793
Street Capital Improvement	39,530
Police Capital Improvement	10,103
Park Improvement	10,686
Capital Reserve	596
Park Trust	24,641
Water Operating	4,967
Sewer Operating	21,109
Water Enterprise Improvement	10,945
Sewer Enterprise Improvement	25,881
Franklin Street Water Distribution	27,762
OWDA Sewer Debt	1
Shade Tree	<u>9,738</u>
 Total Positive Balances	 <u>362,378</u>
 Treasury Deficit	 (106,382)
 One-Twelfth Treasury Receipts	 <u>213,211</u>
 Treasury Receipts in Excess of Treasury Deficit	 <u><u>\$106,829</u></u>

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Conclusion: Schedule IV indicates that a fiscal watch condition does not exist under Section 118.022(A)(3) of the Ohio Revised Code as of December 31, 2007. The treasury balance less the positive fund balances did not exceed one-twelfth of the treasury receipts during 2007.

Financial Forecast

Section 118.022(A)(4) of the Ohio Revised Code defines a fiscal watch condition as:

Based on an examination of the financial forecast approved by the legislative authority of a municipal corporation, county, or township, the auditor of state certifies that the general fund deficit at the end of the current fiscal year will exceed one-twelfth of the general fund revenue from the preceding fiscal year.

An examination of a financial forecast of the general fund was not completed because the fiscal watch conditions for past due accounts payable and deficit fund balances exist at December 31, 2007.

Summary

We have performed the procedures necessary to determine whether any of the three conditions for fiscal watch set forth in Section 118.021 of the Ohio Revised Code existed as of December 31, 2007, at the Village of Mantua, Portage County. The results of our analysis indicate that a fiscal watch exists at the Village of Mantua as defined in Sections 118.022(A)(1) and (A)(2) of the Ohio Revised Code.

Because the above procedures were not sufficient to constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts and fund balances referred to above. Had we performed additional procedures or had we made an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported.



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
AUGUST 26, 2008**