

Village of Mantua, Ohio
RESOLUTION 2013-35

**A RESOLUTION RETROACTIVELY AUTHORIZING CERTAIN FUND
ADJUSTMENTS FOR THE 2011-2012 AUDITING PERIOD, AND DECLARING AN
EMERGENCY.**

WHEREAS, the representative of the State Auditor's Office has identified and supervised certain adjustments to the Village's financial statements; and

WHEREAS, this Council now wishes to retroactively authorize and approve such adjustments.

NOW THEREFORE, BE IT RESOLVED by the Council of the Village of Mantua, two-thirds or more of the members elected thereto concurring, that:

SECTION 1: The action of the Village Clerk-Treasurer in making adjustments to the Village's financial statements at the direction of the representative of the Auditor of State, as set forth in "Exhibit A", attached hereto and incorporated herein by reference, is hereby retroactively authorized and approved.

SECTION 2: It is hereby found and determined that all formal actions of this Council concerning and relating to the passage of this Resolution were adopted in an open meeting of this Council, and that all deliberations of this Council and any of its Committees that resulted in such formal action were in meetings open to the public in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

SECTION 3: This Resolution is hereby declared an emergency measure, retroactive to April 23, 2013, in order to correct the Village's financial statements and comply with the requirements of the State Auditor's Office, and shall become immediately effective upon its proper passage by two thirds or more of the members elected to this Council.

PASSED AS EMERGENCY, this 2nd day of May, 2013.

Attest:

Linda Clark, Mayor

Jenny August, Clerk of Council

I, Jenny August, Clerk of the Village of Mantua, Ohio, hereby certify that this Resolution was duly published by public posting at pre-designated posting places in the Village of Mantua on the ____ day of _____, 2013.

Jenny August, Clerk of Council

Approved as to legal form:

Michele A. Stuck, Village Solicitor

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“EXHIBIT A”

Calendar 2011 Audit Report Adjustments:

\$1,865.35 adjusted from the Storm Sewer Fund (Fund 5762) to the Street Construction Maintenance & Repair Fund (Fund 2011) for improper wages being charged against an Enterprise fund. This will serve to reduce the expenses for personal Services in the Enterprise Fund and increase Transportation expenditures in the Street Construction Maintenance & Repair Fund. The net effect will be to decrease fund balance in the Street Construction Maintenance & Repair Fund and increase Fund balance in Storm Sewer Fund by that amount.

\$5,716.14 adjusted from the Storm Sewer Fund (Fund 5762) to the Water Capital Improvement Fund (Fund 5761) as Council made an error in passing legislation allowing the Water Operating Fund (Fund 5101) to place money in a Sewer Capital Improvement Fund (Fund 5762). This adjustment is at the end of calendar 2011 and represents the remaining fund balance that belongs in the Water Capital Improvement Fund. AOS knows that Council has already made the necessary Fund Balance Adjustment during calendar 2013 moving the remaining Fund Balance from Storm Sewer Fund (Fund 5762) to the Water Capital Improvement Fund (Fund 5761) within the Financial Accounting System.

AOS also scanned the receipts during calendar 2011 and noted charges for services receipted into the Sewer Debt Service Fund (Fund 5702) exceeding \$118,000 and determined that the remaining balance in Fund 5702 of \$11,901.40 was in excess of what should have been in that Fund, beyond legally authorized transfers. AOS adjusted out the \$11,901.40 from the Fund Balance of the Sewer Debt Service Fund (Fund 5702) at the end of calendar 2011 which decreased the Sewer Debt Service Fund (Fund 5702) to \$0.00 and increased the Sewer Operating Fund (Fund 5201) to \$40,390.24. AOS did this by decreasing the charges for services placed in the Sewer Debt Service Fund (Fund 5702) by \$11,901.40 and increasing the charges for services in the Sewer Operating Fund by \$11,901.40. The ending Fund balances were as follows at December 31, 2011: Sewer Operating Fund = \$40,390.24 and Sewer Debt Service Fund (Fund 5702) = \$0.00.

Calendar 2012 Audit Report Adjustments:

\$1,286.68 adjusted from the Storm Sewer Fund (Fund 5762) to the Street Construction Maintenance & Repair Fund (Fund 2011) for improper wages being charged against an Enterprise fund. This will serve to reduce the expenses for personal Services in the Enterprise Fund and increase Transportation expenditures in the Street Construction Maintenance & Repair Fund. The net effect will be to decrease fund balance in the Street Construction Maintenance & Repair Fund and increase Fund balance in Storm Sewer by that amount.

\$1,062.35 adjusted from the Storm Sewer Fund (Fund 5762) to the Water Capital Improvement Fund (Fund 5761) and Council made an error in passing legislation allowing the Water Operating Fund (Fund 5101) to place money in a Sewer Capital Improvement Fund (Fund 5762). This adjustment is at the end of calendar 2012 and represents the remaining fund balance that belongs in the Water Capital Improvement Fund. AOS knows that Council has already made the necessary Fund Balance Adjustment during calendar 2013 moving the remaining Fund Balance from

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Storm Sewer Fund (Fund 5762) to the Water Capital Improvement Fund (Fund 5761) within the Financial Accounting System.

\$6,040.75 adjusted from the Fund balance of the General Fund (Fund 1000) and placed in the Park Improvement Fund (Fund 4903). This adjustment of Fund balance is related to the interest earned on the Park Certificate of Deposit (CD) over years that can only be placed in the Park Improvement Fund as the Park CD's interest is used solely for the improvement of the park. This adjustment serves as a Fund Balance Adjustment decreasing the General Fund (Fund 1000) and Increasing the Park Improvement Fund Fund's Balance (Fund 4903). AOS also knows that the Clerk Treasurer has corrected the \$6,040.75 and did a Fund Balance Adjustment on February 24, 2013 of \$6,040.75 effectively reducing the General Fund's Fund Balance (Fund 1000) and increasing the Park Improvement Fund's Fund Balance (Fund 4903) to correct this error in 2013.

AOS also knows about Ordinance 2013-17 that Council has directed the \$5.00 fee for Water Capital Improvement added to the Water Bill be placed solely into the Water Capital Improvement Fund (Fund 5761), as opposed to splitting the fee.

AOS also knows about Ordinance 2013-18 that placed the \$4,720.86 remaining Fund Balance in the Storm Sewer Fund (Fund 5762) has been transferred into the Water Capital Improvement Fund (Fund 5761).

During 2012, AOS increased the Sewer Operating Fund's (Fund 5201) Fund Balance by \$11,901.40 to the beginning fund balance and decreased the beginning fund balance of the Sewer Debt Service Fund (Fund 5702) by the same amount to equal the ending balances at December 31, 2011.

AOS scanned the receipts during calendar 2012 and noted that there were 4 receipts reflected as charges for services equal to \$29,188.83. Of those four receipts, two receipts came from the County for their portion of the OWDA Debt. The County portion provided was equal to \$23,216.92. The other receipts noted were for a total of \$5,971.91 (\$5,871.00 + \$101.91). The \$5,971.91 could be moved over to Sewer Operating Fund as charges for services should not be placed in the Sewer Debt Service Fund, and as a result, at December 31, 2012 the remaining fund balance in the Sewer Debt Service Fund (Fund 5702) was equal to \$12,661.17, all of which was from transfers into the Debt Service Fund for the payment of debt so it could not be adjusted out to the Sewer Operating Fund. The Sewer Operating Fund's (Fund 5201) original fund balance of \$29,797.66 was decreased by \$10,845.26 by the end of 2012, decreasing the overall Fund Balance in the Sewer Operating Fund to be \$18,952.40. Also, the Sewer Debt Service Fund's (Fund 5702) Fund balance was originally \$1,815.91 but as a result of the adjustments to Sewer Operating Fund, the Sewer Debt Service Fund (Fund 5702) increased by the same amount of \$10,845.26 to \$12,661.17 at the end of 2012.

Financial Accounting System Audit Adjustment Remaining to be made:

Since the remaining Fund balance adjustment from the Storm Sewer Improvement Fund (Fund 5762) has already been made in the amount of the remaining Fund balance of \$4,720.86 and a Fund Balance Adjustment decreasing the General Fund (Fund 1000) and increasing the Park Improvement Fund (Fund 4903) in the amount of \$6,040.75 have both been made during calendar 2013 within the Financial Accounting System; the only other remaining adjustments to the Financial Accounting System will be to decrease the Fund Balance in the Street Construction Main-

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tenance & Repair Fund (Fund 2011) by (\$3,152.03) and increase the Fund Balance in the Water Capital Improvement Fund (Fund 5761) by \$3,152.03. These amounts are from calendar 2011 in the amount of \$1,865.35, plus the amounts during calendar 2012 in the amount of \$1,286.68 ($\$1,865.35 + \$1,286.68 = \$3,152.03$). See above for amounts as both amounts are represented for each respective year and were adjusted for reporting purposes on the audit reports' financial statements but still need to be placed back where the money belongs and that is the Water Capital Improvement Fund (Fund 5761).

In addition, the net effect of the issues surrounding the Sewer Operating Fund (Fund 5201) and the Sewer Debt Service Fund (Fund 5702) we equivalent to \$10,845.26. The adjustment to clear this issue up in the financial accounting system is to Decrease the Sewer Operating Fund's (Fund 5201) Fund Balance by (\$10,845.26), and increase the Sewer Debt Service Fund's (Fund 5702) Fund Balance by \$10,845.26. The ending balances at December 31, 2012 are as follows after these adjustments are made to the financial accounting system: Sewer Operating Fund's (Fund 5201) Fund Balance decreases from \$29,797.66 to \$18,952.40; and the Sewer Debt Service Fund's (Fund 5702) Fund Balance increases from \$1,815.91 to \$12,661.17 at the end of 2012. The end of 2012 Fund Balances are the beginning fund balances in those respective funds.