

# **VILLAGE OF MANCHESTER**

**ADAMS COUNTY, OHIO**

**REGULAR AUDIT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2020 AND 2019**



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPAReport@ohioauditor.gov  
(800) 282-0370

Members of Council and Mayor  
Village of Manchester  
400 Pike Street  
Manchester, Ohio 45144

We have reviewed the *Independent Auditor's Report* of the Village of Manchester, Adams County, prepared by Julian & Grube, Inc., for the audit period January 1, 2019 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Manchester is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

June 15, 2021

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**VILLAGE OF MANCHESTER  
ADAMS COUNTY, OHIO**

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## Independent Auditor's Report

Village of Manchester  
Adams County  
400 Pike Street  
Manchester, Ohio 45144

To the Members of Council and Mayor:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Manchester, Adams County, Ohio.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), as described in Note 2. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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 financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village of Manchester's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Manchester's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2, the financial statements are prepared by the Village of Manchester, on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), to meet the requirements of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D).

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Though the Village of Manchester does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the "Unmodified Opinion on Regulatory Basis of Accounting" paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Manchester, as of December 31, 2020 and 2019, or changes in net position, or cash flows thereof for the years then ended.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Manchester, in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) as described in Note 2.

***Emphasis of Matters***

As described in Note 12 to the financial statements, during 2020, the Village of Manchester adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. As described in Note 13 to the financial statements, during 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village of Manchester. As described in Note 10 to the financial statements, during 2019, the Village of Manchester restated the beginning cash fund balance of the general fund in accordance with Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* and will no longer report any fiduciary fund types. Our opinions are not modified with respect to these matters.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2021, on our consideration of the Village of Manchester's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Manchester's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Manchester's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
May 24, 2021



**VILLAGE OF MANCHESTER  
ADAMS COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash receipts:					
Property and Other Local Taxes	\$ 24,861	\$ 135,026	\$ -	\$ 19,497	\$ 179,384
Municipal Income Tax	151,461	-	-	-	151,461
Intergovernmental	38,935	1,059,158	-	1,240	1,099,333
Charges for Services	10,200	230,289	-	-	240,489
Fines, Licenses and Permits	11,413	-	-	-	11,413
Earnings on Investments	517	9	-	-	526
Miscellaneous	4,094	30,635	-	-	34,729
Total cash receipts	<u>241,481</u>	<u>1,455,117</u>	<u>-</u>	<u>20,737</u>	<u>1,717,335</u>
Cash disbursements:					
Current:					
Security of Persons and Property	9,310	778,976	-	9,238	797,524
Public Health Services	450	-	-	-	450
Leisure Time Activities	-	4,361	-	-	4,361
Community Environment	110	-	-	-	110
Basic Utility Services	-	8,180	-	-	8,180
Transportation	-	167,340	-	-	167,340
General Government	135,357	96,726	-	-	232,083
Capital Outlay	4,606	-	-	-	4,606
Debt Service:					
Principal Retirement	-	13,863	-	-	13,863
Interest and Fiscal Charges	-	3,439	-	-	3,439
Total cash disbursements	<u>149,833</u>	<u>1,072,885</u>	<u>-</u>	<u>9,238</u>	<u>1,231,956</u>
Excess of receipts over (under) disbursements	<u>91,648</u>	<u>382,232</u>	<u>-</u>	<u>11,499</u>	<u>485,379</u>
Other Financing Receipts (Disbursements):					
Loans Issued	50,000	-	-	-	50,000
Transfers In	-	10,000	-	-	10,000
Transfers Out	(10,000)	-	-	-	(10,000)
Total Other Financing Receipts (Disbursements)	<u>40,000</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Net change in fund cash balances	131,648	392,232	-	11,499	535,379
Fund cash balances, January 1, 2020	<u>145,724</u>	<u>275,462</u>	<u>4,052</u>	<u>-</u>	<u>425,238</u>
Fund cash balances, December 31, 2020	<u>\$ 277,372</u>	<u>\$ 667,694</u>	<u>\$ 4,052</u>	<u>\$ 11,499</u>	<u>\$ 960,617</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**VILLAGE OF MANCHESTER  
ADAMS COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating cash receipts:	
Charges for Services	\$ 766,014
Miscellaneous	8,644
Total operating cash receipts	<u>774,658</u>
Operating cash disbursements:	
Personal Services	170,595
Employee Fringe Benefits	55,993
Contractual Services	118,499
Supplies and Materials	118,612
Total operating cash disbursements	<u>463,699</u>
Operating income (loss)	<u>310,959</u>
Nonoperating cash receipts/(disbursements):	
Intergovernmental	1,921,012
Special Assessments	20,242
Loans Issued	110,880
Capital Outlay	(2,047,274)
Principal Retirement	(134,456)
Interest and Other Fiscal Charges	(60,417)
Total nonoperating cash receipts/(disbursements)	<u>(190,013)</u>
Income (Loss) before Transfers	<u>120,946</u>
Transfers In	171,404
Transfers Out	<u>(171,404)</u>
Net change in fund cash balances	<u>120,946</u>
Fund cash balances, January 1, 2020	<u>454,358</u>
Fund cash balances, December 31, 2020	<u><u>\$ 575,304</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

*Village of Manchester, Ohio Adams County*

Notes to the Financial Statements

For the Year Ended December 31, 2020

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**Note 1 – Reporting Entity**

The Village of Manchester, Adams County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water, sewer and storm water utilities, maintenance of Village streets and bridges, park operations, EMS and fire services. The Adams County Sheriff's Department is providing police protection in the Village.

The Village participates in one shared risk pool, the Public Entities Pool of Ohio (PEP). This organization is presented in Notes 6 of the financial statements.

**Note 2 – Summary of Significant Accounting Policies**

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund – The General Fund is the operating fund of the Village and is used to account for all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds – These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Coronavirus Relief Fund – The coronavirus relief fund accounts for and reports restricted monies received under a federal grant to cover necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease (COVID-19).

EMS Fund – The EMS Levy Fund accounts for and reports restricted levy monies received from Adams County, along with charges for services for providing emergency medical treatment to the citizens of the Village and surrounding areas.

Debt Service Fund – This fund is to account for and report financial resources restricted for the payment of debt obligations.

*Village of Manchester, Ohio Adams County*

Notes to the Financial Statements

For the Year Ended December 31, 2020

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Capital Project Fund – This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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 - The Water Operating Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Operating Fund - The Sewer Operating Fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Storm Water Fund – The Storm Water Fund accounts for the provision of storm water services to the residents and commercial users located within the Village.

Fiduciary Funds – Fiduciary funds include private purpose trust funds and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria. Custodial funds are used to report fiduciary activity that is not required to be reported in a trust fund. The Village does not have any fiduciary funds.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and department level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

*Village of Manchester, Ohio Adams County*

Notes to the Financial Statements

For the Year Ended December 31, 2020

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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. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2020 budgetary activity appears in Note 3.

Capital Assets

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

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.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable - The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village.

Restricted - Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed - Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute. State Statute authorizes the Village Clerk to assign fund balance for purchases on order provided amounts have been lawfully appropriated. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**Village of Manchester, Ohio Adams County**

Notes to the Financial Statements

For the Year Ended December 31, 2020

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 as follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$264,973	\$291,481	\$26,508
Special Revenue	1,417,119	1,465,117	47,998
Capital Projects	21,745	20,737	(1,008)
Enterprise	3,723,429	2,998,196	(725,233)
Total	<u>\$5,427,266</u>	<u>\$4,775,531</u>	<u>(\$651,735)</u>

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$268,029	\$161,659	\$106,370
Special Revenue	1,468,700	1,407,639	61,061
Capital Projects	21,145	9,238	11,907
Enterprise	3,731,968	2,928,875	803,093
Total	<u>\$5,489,842</u>	<u>\$4,507,411</u>	<u>\$982,431</u>

**Note 4 – 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 at December 31 was as follows:

	2020
Demand deposits	<u>\$1,451,437</u>
Certificates of deposit	<u>84,484</u>
Total deposits	<u>\$1,535,921</u>

*Village of Manchester, Ohio Adams County*

Notes to the Financial Statements

For the Year Ended December 31, 2020

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Deposits

Deposits are insured by the Federal Deposit Insurance Corporation and collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 5 – Taxes**

**Property Taxes**

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

Public utilities are also taxed on personal and real property located within the Village.

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

**Income Taxes**

The Village levies a 1.0 percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another Village or 100 percent of the 1.0 percent tax rate on taxable income. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

**Note 6 – Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

*Village of Manchester, Ohio Adams County*  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

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The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2019 (the latest available information):

	<u>2019</u>
Cash and investments	\$38,432,610
Actuarial liabilities	14,705,917

**Note 7 – Defined Benefit Pension Plans**

**Ohio Public Employees Retirement System**

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postemployment healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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, 2020.

**Social Security**

One Village council member contributes to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

The employee contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participant’s gross salary. The Village has paid all contributions required through December 31, 2020.

**Note 8 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.



**Village of Manchester, Ohio Adams County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

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**Note 9 – Debt**

Debt outstanding at December 31, 2020 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2004 Water USDA Mortgage Revenue Bonds	\$413,738	4.38%
1998 Sanitary Sewer USDA Mortgage Revenue Bonds, Series A	620,300	4.50%
2004 OWDA Water Treatment and Wellfield Improvement Loan	535,475	1.50%
2010 OWDA Storm Sewer Replacement Loan	88,580	1.50%
2011 OWDA Storm Sewer Construction Loan	142,158	1.50%
2013 OWDA Phase 2 Storm Sewer Improvement Loan	61,251	1.50%
2017 OWDA Sewer Collection System Rehabilitation Loan	696,524	0.00%
2018 OWDA Sewer Collection System Rehabilitation Phase II *	(4,474)	2.00%
2020 OWDA Sewer System Improvements Phave IV	97,680	0.00%
2015 Ambulance Acquisition Loan	77,517	3.75%
2020 Community Building Loan	50,000	3.75%
Total	<u>\$2,778,749</u>	

\* The Village did not receive loan proceeds in 2020 on the loan but was required by OWDA to make a principal payment in accordance with the amortization schedule.

The 2004 USDA Rural Development Mortgage Revenue Bonds were issued for \$523,000 for the purpose of paying the costs of constructing improvements to the Village’s water system. The bonds will be repaid over 39 years with service fees collected in the Water Operating Fund.

The 1998 Sanitary Sewer USDA Mortgage Revenue Bonds Series A were issued for \$975,000. The bonds were obtained for the purpose of paying the costs of constructing improvements to the Village’s sewer system. The bonds will be repaid over 40 years with service fees collected in the Sewer Operating Fund.

The 2004 OWDA Water Treatment and Wellfield Improvement Loan was issued for \$963,420. The loan was obtained for the purpose of paying the costs of constructing improvements to the Village’s water treatment plant and well field. A portion of this loan was used by OWDA to pay the 2002 OWDA Water Treatment Loan. The amount that OWDA applied to the 2002 loan was \$71,950. The loan will be repaid over 30 years from the Storm Water Infrastructure Fund.

The 2010 OWDA Storm Sewer Replacement Loan was issued for \$123,879. The loan was obtained for the purpose of paying costs of the replacement of storm sewers in the Village. The loan will be repaid over 30 years from the Storm Water Infrastructure Fund.

The 2011 OWDA Storm Sewer Construction Loan was issued for \$190,685. The loan was obtained for the purpose of paying costs of construction of storm sewers in the Village. The loan will be repaid over 30 years from service fees in the Water Operating Fund.

**Village of Manchester, Ohio Adams County**

Notes to the Financial Statements

For the Year Ended December 31, 2020

In 2013, the Village issued a \$75,996 OWDA Phase 2 Storm Sewer Improvement Loan for improvements on the storms sewers in the Village. The loan will be repaid over 30 years from the Storm Water Infrastructure Fund.

In 2017, the Village continued the OWDA Sewer Collection System Rehabilitation Loan. The loan will be repaid in semi-annual installments over 20 years from the Sewer Operating Fund.

In 2018, the Village continued the OWDA Sewer Collection System Rehabilitation Loan, Phase II. This loan will be closed in 2021 and the credit will be applied to the 2017 OWDA Sewer Collection System Rehabilitation Loan.

The 2015 Ambulance Acquisition Loan was issued for \$142,000. The loan was obtained to purchase an ambulance. The loan will be repaid over 10 years from charges for services in the EMS special revenue fund.

In 2020, the Village continued the OWDA Sewer System Improvements, Phase IV and issued \$110,880. The loan will be repaid in semi-annual installments over 5 years from the Sewer Operating Fund. The future debt service requirement for this loan is not presented in 2020 because the final schedule had not been provided to the Village as of end of year.

In 2020, the Village issued a Community Building Loan for \$50,000. The loan was obtained to repair the Community Building's roof. The loan will be repaid over 5 years from the General fund.

**Amortization**

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

Year ending December 31:	USDA Mortgage Revenue Bonds	OWDA Loans	Ambulance Acquisition Loan	Community Building Loan
2021	\$81,201	\$95,895	\$17,290	\$11,468
2022	81,172	95,895	17,290	11,147
2023	81,193	95,895	17,290	11,157
2024	81,159	95,832	17,290	11,152
2025	81,173	94,019	17,291	11,153
2026-2030	405,930	480,091	0	0
2031-2035	405,741	480,092	0	0
2036-2040	246,884	180,587	0	0
2041-2044	112,750	17,393	0	0
Total	<u>\$1,577,203</u>	<u>\$1,635,699</u>	<u>\$86,451</u>	<u>\$56,077</u>

**Note 10 – Contingent Liabilities**

**Litigation**

The Village is not involved in litigation that, in the opinion of management, is expected to have a material adverse effect on the Village's financial condition.

***Village of Manchester, Ohio Adams County***

Notes to the Financial Statements

For the Year Ended December 31, 2020

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**Federal and State Grants**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 11 – Fund Balances**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Nonspendable:			
Unclaimed Monies	\$ 16,287	\$ -	\$ 16,287
Outstanding Encumbrances	\$ 1,829	\$ 334,757	\$ 336,586
<i>Total</i>	<u>\$18,116</u>	<u>\$334,757</u>	<u>\$352,873</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed or assigned. These restricted, committed and assigned amounts in the special revenue, debt service, and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 12 – Change in Accounting Principle**

For 2020, the Village made a change to their cash basis reporting model. This change includes removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types.

**Note 13 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 14 – Compliance**

Contrary to Ohio Revised Code Section 5705.41(D), 31% of expenditure were not timely certified.

**VILLAGE OF MANCHESTER  
ADAMS COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash receipts:				
Property and Other Local Taxes	\$ 23,913	\$176,199	\$ -	\$ 200,112
Municipal Income Tax	160,656	-	-	160,656
Intergovernmental	40,877	209,820	-	250,697
Charges for Services	1,840	254,764	-	256,604
Fines, Licenses and Permits	11,201	-	-	11,201
Earnings on Investments	460	-	-	460
Miscellaneous	1,878	7,492	-	9,370
Total cash receipts	<u>240,825</u>	<u>648,275</u>	<u>-</u>	<u>889,100</u>
Cash disbursements:				
Current:				
Security of Persons and Property	39,319	439,738	-	479,057
Public Health Services	2,000	-	-	2,000
Leisure Time Activities	-	5,599	-	5,599
Community Environment	2,111	-	-	2,111
Basic Utility Services	-	9,631	-	9,631
Transportation	-	228,180	-	228,180
General Government	145,707	2,504	-	148,211
Debt Service:				
Principal Retirement	-	13,362	-	13,362
Interest and Fiscal Charges	-	3,944	-	3,944
Total cash disbursements	<u>189,137</u>	<u>702,958</u>	<u>-</u>	<u>892,095</u>
Excess of receipts over (under) disbursements	<u>51,688</u>	<u>(54,683)</u>	<u>-</u>	<u>(2,995)</u>
Other Financing Receipts (Disbursements):				
Sale of Assets	7,000	-	-	7,000
Transfers In	-	10,000	-	10,000
Transfers Out	(10,000)	-	-	(10,000)
Other Financing Source	28	-	-	28
Total Other Financing Receipts (Disbursements)	<u>(2,972)</u>	<u>10,000</u>	<u>-</u>	<u>7,028</u>
Net change in fund cash balances	48,716	(44,683)	-	4,033
Fund cash balances, January 1, 2019 (restated)	<u>97,008</u>	<u>320,145</u>	<u>4,052</u>	<u>421,205</u>
Fund cash balances:				
Nonspendable	16,287	-	-	16,287
Restricted	-	275,462	4,052	279,514
Assigned	3,056	-	-	3,056
Unassigned (Deficit)	126,381	-	-	126,381
Fund cash balances, December 31, 2019	<u>\$ 145,724</u>	<u>\$ 275,462</u>	<u>\$ 4,052</u>	<u>\$ 425,238</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**VILLAGE OF MANCHESTER  
ADAMS COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating cash receipts:	
Charges for Services	\$ 759,691
Miscellaneous	2,034
Total operating cash receipts	761,725
Operating cash disbursements:	
Personal Services	160,046
Employee Fringe Benefits	48,400
Contractual Services	279,271
Supplies and Materials	146,736
Total operating cash disbursements	634,453
Operating income (loss)	127,272
Nonoperating cash receipts/(disbursements):	
Intergovernmental	2,104,672
Special Assessments	18,410
Capital Outlay	(2,000,294)
Principal Retirement	(120,437)
Interest and Other Fiscal Charges	(62,499)
Total nonoperating cash receipts/(disbursements)	(60,148)
Income (Loss) before Transfers	67,124
Transfers In	168,694
Transfers Out	(168,694)
Net change in fund cash balances	67,124
Fund cash balances, January 1, 2019	387,234
Fund cash balances, December 31, 2019	\$ 454,358

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

***Village of Manchester, Ohio Adams County***

Notes to the Financial Statements

For the Year Ended December 31, 2019

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**Note 1 – Reporting Entity**

The Village of Manchester, Adams County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water, sewer and storm water utilities, maintenance of Village streets and bridges, park operations, EMS and fire services. The Adams County Sheriff's Department is providing police protection in the Village.

The Village participates in one shared risk pool, the Public Entities Pool of Ohio (PEP). This organization is presented in Note 6 of the financial statements.

**Note 2 – Summary of Significant Accounting Policies**

**Basis of Presentation**

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

**Fund Accounting**

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

**General Fund** – The General Fund is the operating fund of the Village and is used to account for all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Special Revenue Funds** – These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

**Street Resurfacing and Repair Levy Fund** – The Street Resurfacing and Repair Levy Fund accounts for and reports restricted levy monies received from Adams County for resurfacing and repairing streets within the Village.

**EMS Fund** – The EMS Levy Fund accounts for and reports restricted levy monies received from Adams County, along with charges for services for providing emergency medical treatment to the citizens of the Village and surrounding areas.

**Debt Service Fund** – This fund is to account for and report financial resources restricted for the payment of debt obligations.

*Village of Manchester, Ohio Adams County*

Notes to the Financial Statements

For the Year Ended December 31, 2019

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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 - The Water Operating Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Operating Fund - The Sewer Operating Fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Storm Water Fund - The Storm Water Fund accounts for the provision of storm water services to the residents and commercial users located within the Village.

Fiduciary Funds - Fiduciary funds include private purpose trust funds and custodial 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. Custodial funds are used to report fiduciary activity that is not required to be reported in a trust fund. The Village does not have any fiduciary funds.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and department level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

*Village of Manchester, Ohio Adams County*  
Notes to the Financial Statements  
For the Year Ended December 31, 2019

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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 2019 budgetary activity appears in Note 3.

Capital Assets

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

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.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable - The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. The Village classifies unclaimed monies as nonspendable in the general fund.

Restricted - Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed - Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute. State Statute authorizes the Village Clerk to assign fund balance for purchases on order provided amounts have been lawfully appropriated. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.



**Village of Manchester, Ohio Adams County**

Notes to the Financial Statements

For the Year Ended December 31, 2019

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 as follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$252,755	\$247,853	(\$4,902)
Special Revenue	656,600	658,275	1,675
Enterprise	3,470,468	3,053,501	(416,967)
Total	<u>\$4,379,823</u>	<u>\$3,959,629</u>	<u>(\$420,194)</u>

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$317,919	\$201,252	\$116,667
Special Revenue	764,643	709,510	55,133
Enterprise	3,562,091	2,996,398	565,693
Total	<u>\$4,644,653</u>	<u>\$3,907,160</u>	<u>\$737,493</u>

**Note 4 – 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 at December 31 was as follows:

	2019
Demand deposits	<u>\$795,112</u>
Certificates of deposit	<u>84,484</u>
Total deposits	<u>\$879,596</u>

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation and collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

*Village of Manchester, Ohio Adams County*  
Notes to the Financial Statements  
For the Year Ended December 31, 2019

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**Note 5 – Taxes**

**Property Taxes**

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

Public utilities are also taxed on personal and real property located within the Village.

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

**Income Taxes**

The Village levies a 1.0 percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another Village or 100 percent of the 1.0 percent tax rate on taxable income. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

**Note 6 – Risk Management**

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

*Village of Manchester, Ohio Adams County*  
Notes to the Financial Statements  
For the Year Ended December 31, 2019

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The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2019:

	<u>2019</u>
Cash and investments	\$38,432,610
Actuarial liabilities	14,705,917

**Note 7 – Defined Benefit Pension Plans**

**Ohio Public Employees Retirement System**

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postemployment healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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, 2019.

**Social Security**

One Village council member contributes to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

The employee contributed 6.2 percent of their gross salary. The Village contributed an amount equal to 6.2 percent of participant's gross salary. The Village has paid all contributions required through December 31, 2019.

**Note 8 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

***Village of Manchester, Ohio Adams County***  
Notes to the Financial Statements  
For the Year Ended December 31, 2019

**Note 9 – Debt**

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
2004 Water USDA Mortgage Revenue Bonds	\$423,402	4.38%
1998 Sanitary Sewer USDA Mortgage Revenue Bonds, Series A	644,300	4.50%
2004 OWDA Water Treatment and Wellfield Improvement Loan	567,085	1.50%
2010 OWDA Storm Sewer Replacement Loan	92,352	1.50%
2011 OWDA Storm Sewer Construction Loan	147,878	1.50%
2013 OWDA Phase 2 Storm Sewer Improvement Loan	63,466	1.50%
2017 OWDA Sewer Collection System Rehabilitation Loan	736,325	0.00%
2015 Ambulance Acquisition Loan	91,380	3.75%
Total	\$2,766,188	

The 2004 USDA Rural Development Mortgage Revenue Bonds were issued for \$523,000 for the purpose of paying the costs of constructing improvements to the Village’s water system. The bonds will be repaid over 39 years with service fees collected in the Water Operating Fund.

The 1998 Sanitary Sewer USDA Mortgage Revenue Bonds Series A were issued for \$975,000. The bonds were obtained for the purpose of paying the costs of constructing improvements to the Village’s sewer system. The bonds will be repaid over 40 years with service fees collected in the Sewer Operating Fund.

The 2004 OWDA Water Treatment and Wellfield Improvement Loan was issued for \$963,420. The loan was obtained for the purpose of paying the costs of constructing improvements to the Village’s water treatment plant and well field. A portion of this loan was used by OWDA to pay the 2002 OWDA Water Treatment Loan. The amount that OWDA applied to the 2002 loan was \$71,950. The loan will be repaid over 30 years from the Storm Water Infrastructure Fund.

The 2010 OWDA Storm Sewer Replacement Loan was issued for \$123,879. The loan was obtained for the purpose of paying costs of the replacement of storm sewers in the Village. The loan will be repaid over 30 years from the Storm Water Infrastructure Fund.

The 2011 OWDA Storm Sewer Construction Loan was issued for \$190,685. The loan was obtained for the purpose of paying costs of construction of storm sewers in the Village. The loan will be repaid over 30 years from service fees in the Water Operating Fund.

In 2013, the Village issued a \$75,996 OWDA Phase 2 Storm Sewer Improvement Loan for improvements on the storms sewers in the Village. The loan will be repaid over 30 years from the Storm Water Infrastructure Fund.

In 2017, the Village continued the OWDA Sewer Collection System Rehabilitation Loan. The loan will be repaid in semi-annual installments over 20 years from the Sewer Operating Fund. The future debt service requirement for this loan is not presented in 2019 because the final schedule had not been provided to the Village as of end of year.

**Village of Manchester, Ohio Adams County**  
Notes to the Financial Statements  
For the Year Ended December 31, 2019

The 2015 Ambulance Acquisition Loan was issued for \$142,000. The loan was obtained to purchase an ambulance. The loan will be repaid over 10 years from charges for services in the EMS special revenue fund.

**Amortization**

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

Year ending December 31:	USDA Mortgage		Ambulance Acquisition
	Revenue Bonds	OWDA Loans	Loan
2020	\$81,182	\$56,216	\$17,290
2021	81,201	56,216	17,290
2022	81,172	56,216	17,290
2023	81,193	56,216	17,290
2024	81,159	56,216	17,290
2025-2029	405,891	281,082	17,291
2030-2034	405,812	281,082	0
2035-2039	299,836	121,090	0
2040-2044	140,937	33,611	0
Total	<u>\$1,658,383</u>	<u>\$997,945</u>	<u>\$103,741</u>

**Note 10 – Prior Period Restatement**

For 2019, the Village has implemented GASB Statement No. 84, "Fiduciary Activities". GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities. This implementation required restating fund balances as previously presented at December 31, 2018:

	General Fund	Agency Fund
<u>Fund cash balance</u>		
December 31, 2018	\$ 80,721	\$ 16,287
Unclaimed funds reclassification	16,287	(16,287)
January 1, 2019, restated	<u>\$ 97,008</u>	<u>\$ -</u>

**Note 11 – Contingent Liabilities**

Litigation

The Village is not involved in litigation that, in the opinion of management, is expected to have a material adverse effect on the Village's financial condition.

Federal and State Grants

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

***Village of Manchester, Ohio Adams County***  
Notes to the Financial Statements  
For the Year Ended December 31, 2019

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**Note 12 – Significant Commitments**

Encumbrances are commitments related to unperformed contracts for goods and services. Encumbrances accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General	\$2,068
Special Revenue	6,552
Enterprise	10,020
Total	<u>\$18,640</u>

**Note 13 – Compliance**

Contrary to Ohio Revised Code Section 5705.41(D), 24% of expenditure were not timely certified.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

Village of Manchester  
Adams County  
400 Pike Street  
Manchester, Ohio 45144

To the Members of Council and Mayor:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type of the Village of Manchester, Adams County, Ohio, as of and for the year ended December 31, 2020, and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and the related notes to the financial statements and have issued our report thereon dated May 24, 2021, wherein we noted as described in Note 2 to the financial statements, the Village of Manchester followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Furthermore, as described in Note 12 to the financial statements, during 2020, the Village of Manchester adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. As described in Note 13 to the financial statements, during 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village of Manchester. As described in Note 10 to the financial statements, during 2019, the Village of Manchester restated the beginning cash fund balance of the general fund in accordance with Government Account Standards Board (GASB) Statement No. 84, *Fiduciary Activities* and will no longer report any fiduciary fund types.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Village of Manchester's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Manchester's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Manchester's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village of Manchester's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a significant deficiency.

Village of Manchester

Adams County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Page 2

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village of Manchester's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2020-002.

### ***Village of Manchester's Responses to Findings***

The Village of Manchester's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Village of Manchester's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Manchester's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Manchester's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.

May 24, 2021



**VILLAGE OF MANCHESTER  
ADAMS COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2020-001

Significant Deficiency - Financial Statement Presentation:

Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. Control and monitoring activities typically associated with the period-end financial reporting process include reviewing and approving manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statements. For the Village, this could also include reviewing the fiscal year-end UAN detailed reports to ensure activity is reported in the correct line items.

Certain adjustments were made to the financial statements and notes to properly account for and disclose the classification of receipts, disbursements and fund balances.

- During 2020, the Village recorded homestead and rollback receipts received from the State of Ohio as property and other local taxes. An adjustment was recorded to decrease the “property and other local taxes” line item under cash receipts in the Capital Projects fund by \$1,179 and increase the “intergovernmental” line item under cash receipts in the Capital Projects fund by \$1,179.
- During 2020, the Village recorded Capital Projects fund auditor and treasurer fees related to Adams County property taxes within the Special Revenue fund. An adjustment was recorded to decrease the “security of persons and property” line item under current cash disbursements in the Special Revenue fund by \$1,145 and increase the “security of persons and property” line item under current cash disbursements in the Capital Projects fund by \$1,145.

A lack of proper policies and procedures for control and monitoring activities associated with the period-end financial reporting process could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of the Village’s activity.

We recommend the Village design and implement additional procedures to facilitate more accurate and detailed financial reporting. The Village should consider having an outside third-party, or Council member with financial experience, perform a second review of the financial statement and note disclosures prior to filing in the Hinkle System. Further, the Village should reach out to its auditor throughout the year if questions arise on how to properly account for receipts or disbursements.

Client Response: The Village will closely monitor all transactions to ensure accurate financial reporting in the future.

VILLAGE OF MANCHESTER  
ADAMS COUNTY, OHIO

SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2020 AND 2019

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2020-002

Noncompliance – Purchase Order Noncompliance:

Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer 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.

The Village had 31% and 24% of expenditures that were not timely certified for the years ended December 31, 2020 and 2019, respectively.

Without timely certification, the Village may expend more funds than available in the Treasury, in the process of collection or in the funds appropriated. It may also result in unnecessary purchases.

We recommend that all orders or contracts involving the expenditure of money be timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. A policy and procedure statement adopted by the Council and distributed at least annually may be beneficial. The Village should consider using “Then” and “Now” certificates where applicable.

Client Response: The Village is continually trying to improve its ordering and purchasing process to decrease its noncompliance percentage.

**VILLAGE OF MANCHESTER  
ADAMS COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2020 AND 2019**

<b>Finding Number</b>	<b>Year Initially Occurred</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2018-001	2007	<u>Material Weakness – Financial Statement Presentation</u> – Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. Certain adjustments were made to the financial statements and notes for the year ended December 31, 2018.	Not Corrected	Finding repeated as 2020-001 as the Village’s financial report required audit adjustments.

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF MANCHESTER**

**ADAMS COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 6/29/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)