

***VILLAGE OF MANTUA***

**PORTAGE COUNTY, OHIO**

**AUDIT REPORT**

**For the Years Ended December 31, 2018 and 2017**





OHIO AUDITOR OF STATE  
KEITH FABER



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

We have reviewed the *Independent Auditor's Report* of the Village of Mantua, Portage County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2017 through December 31, 2018. 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 Mantua 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 18, 2019

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**VILLAGE OF MANTUA**  
**PORTAGE COUNTY, OHIO**  
**Audit Report**  
**For the Years Ended December 31, 2018 and 2017**

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**INDEPENDENT AUDITOR'S REPORT**

Village of Mantua  
Portage County  
4650 West High Street  
Mantua, OH 44255

To the Village Council:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Mantua, Portage County, (the Village) as of and for the years ended December 31, 2018 and 2017.

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

Management is responsible for preparing and fairly presenting 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) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited 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 us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using 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), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village 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 permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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

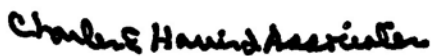
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2018 and 2017, or its changes in financial position or its cash flows thereof for the years then ended.

***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 by fund type, and related notes of the Village of Mantua, Portage County as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2019, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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's internal control over financial reporting and compliance.



***Charles E. Harris & Associates, Inc.***  
April 25, 2019



**VILLAGE OF MANTUA  
PORTAGE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Governmental Fund Types</u>					<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent</u>	
<b>Cash Receipts</b>						
Property and Other Local Taxes	\$ 11,744	\$ 22,394	\$ 43,700	\$ -	\$ -	\$ 77,838
Municipal Income Tax	656,342	-	-	-	-	656,342
Intergovernmental	71,215	150,638	-	365,097	-	586,950
Special Assessments	-	75,600	-	-	-	75,600
Charges for Services	135,955	9,926	-	21,218	-	167,099
Fines, Licenses and Permits	26,351	-	-	-	-	26,351
Earnings on Investments	3,081	724	-	420	-	4,225
Miscellaneous	18,945	39,042	-	1,033	-	59,020
<i>Total Cash Receipts</i>	<u>923,633</u>	<u>298,324</u>	<u>43,700</u>	<u>387,768</u>	<u>-</u>	<u>1,653,425</u>
<b>Cash Disbursements</b>						
Current:						
Security of Persons and Property	540,280	900	-	-	-	541,180
Public Health Services	8,303	28,827	-	-	-	37,130
Leisure Time Activities	36,084	-	-	-	-	36,084
Community Environment	4,454	-	-	-	-	4,454
Transportation	30,793	268,604	-	-	-	299,397
General Government	185,661	-	-	-	-	185,661
Capital Outlay	-	-	-	401,942	-	401,942
Debt Service:						
Principal Retirement	6,722	-	32,619	-	-	39,341
Interest & Fiscal Charges	85	-	11,080	-	-	11,165
<i>Total Cash Disbursements</i>	<u>812,382</u>	<u>298,331</u>	<u>43,699</u>	<u>401,942</u>	<u>-</u>	<u>1,556,354</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	111,251	(7)	1	(14,174)	-	97,071
<b>Other Financing Receipts (Disbursements)</b>						
Transfers In	-	-	-	15,517	-	15,517
Transfers Out	(15,517)	-	-	-	-	(15,517)
Advances In	74,703	-	-	32,462	-	107,165
Advances Out	(32,462)	-	-	(74,703)	-	(107,165)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>26,724</u>	<u>-</u>	<u>-</u>	<u>(26,724)</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	137,975	(7)	1	(40,898)	-	97,071
<i>Fund Cash Balances, January 1</i>	<u>223,684</u>	<u>238,100</u>	<u>14,729</u>	<u>112,592</u>	<u>34,000</u>	<u>623,105</u>
<b>Fund Cash Balances, December 31</b>						
Nonspendable	-	-	-	-	34,000	34,000
Restricted	-	238,093	14,730	71,694	-	324,517
Assigned	62,253	-	-	-	-	62,253
Unassigned	299,406	-	-	-	-	299,406
<i>Fund Cash Balances, December 31</i>	<u>\$ 361,659</u>	<u>\$ 238,093</u>	<u>\$ 14,730</u>	<u>\$ 71,694</u>	<u>\$ 34,000</u>	<u>\$ 720,176</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF MANTUA  
PORTAGE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Proprietary Fund Types Enterprise</u>	<u>Fiduciary Fund Types Agency</u>	<u>Totals (Memorandum Only)</u>
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 721,290	\$ -	\$ 721,290
Miscellaneous	10,583	-	10,583
<i>Total Operating Cash Receipts</i>	731,873	-	731,873
<b>Operating Cash Disbursements</b>			
Personal Services	74,479	-	74,479
Fringe Benefits	21,313	-	21,313
Contractual Services	170,258	15	170,273
Supplies and Materials	37,625	-	37,625
<i>Total Operating Cash Disbursements</i>	303,675	15	303,690
<i>Operating Income (Loss)</i>	428,198	(15)	428,183
<b>Non-Operating Receipts (Disbursements)</b>			
Special Assessments	20,958	-	20,958
Capital Outlay	(44,786)	(80)	(44,866)
Principal Retirement	(336,593)	-	(336,593)
Interest and Other Fiscal Charges	(15,925)	-	(15,925)
Other Financing Sources	24,355	80	24,435
<i>Total Non-Operating Receipts (Disbursements)</i>	(351,991)	-	(351,991)
<i>Income (Loss) before Transfers</i>	76,207	(15)	76,192
Transfers In	329,301	-	329,301
Transfers Out	(329,301)	-	(329,301)
<i>Net Change in Fund Cash Balance</i>	76,207	(15)	76,192
<i>Fund Cash Balances, January 1</i>	57,359	4,462	61,821
<i>Fund Cash Balances, December 31</i>	<u>\$ 133,566</u>	<u>\$ 4,447</u>	<u>\$ 138,013</u>

*The notes to the financial statements are an integral part of this statement.*

**Village of Mantua, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 - Reporting Entity**

The Village of Mantua, Portage County, 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. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services.

***Jointly Governed Organization and Public Entity Risk Pools***

The Village participates in one jointly governed organization, and public entity risk pools. Notes 7, 12 and 13 to the financial statements provides additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable, except the financial statements do not include debt service funds external custodians maintain.

**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 and fiduciary 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 accounts for and reports 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 Construction Maintenance and Repair*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Road and Bridge Levy Fund***- This fund receives tax monies from a 5-year levy which may only be used for road and bridge improvements in the Village.

**Village of Mantua, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

**Debt Service Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

**Village Hall Note Retirement Fund-** The Village refinanced the General Obligation Bond Debt into a note retirement which reduced the interest rate from 4.4% to 3.25%.

**Capital Project Funds** These funds account for and report 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. The Village had the following significant Capital Project funds:

**High St. Paving and Waterline Replacement Fund** This fund is for an OPWC grant project for paving High St. and replacing a portion of the waterlines.

**Headwaters Trail-Mill Street Connector Fund** This fund is for an ODNR grant project connecting two hike and bike trails in the Village.

**Police Capital Fund** This fund receives proceeds from a contract for dispatch services to other communities. The proceeds are used to purchase equipment for the police department.

**Permanent Funds** These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the Village's programs (for the benefit of the Village or its citizenry). The Village had the following significant Permanent funds:

**Cemetery Endowment Fund** The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Village's cemetery.

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

**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 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 fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

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

**Village of Mantua, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

***Sewer Debt Service Fund*** This fund receives monthly transfers from the sewer operating fund to meet the Debt Service Requirements related to sewer operations.

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village has no trust funds.

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

***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 Council 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 (except certain agency funds) be budgeted annually.

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object 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.

***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 re-appropriated.

A summary of 2018 budgetary activity appears in Note 3.

**Village of Mantua, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

***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.

***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 (ordinance or resolution). The Village must adhere to these commitments unless the Council amends the ordinance or 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. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimate revenues and appropriations in the subsequent year's appropriated budget.

***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 Mantua, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

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 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$875,000	\$998,336	\$123,336
Special Revenue	278,802	298,324	19,522
Debt Service	43,700	43,700	0
Capital Projects	1,016,117	435,747	(580,370)
Enterprise	1,136,569	1,106,487	(30,082)

2018 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$980,183	\$877,614	\$102,569
Special Revenue	417,259	381,633	35,626
Debt Service	43,700	43,699	1
Capital Projects	675,365	613,164	62,201
Enterprise	1,125,757	1,073,116	52,641

**Village of Mantua, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**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 and investments at December 31 was as follows:

	<u>2018</u>
Demand deposits	\$824,189
Certificates of deposit	34,000
Total deposits	<u>\$ 858,189</u>

***Deposits***

Deposits are 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.

At December 31, 2018, \$292,150 of deposits were not insured or collateralized due to the OPCS collateral being approved at a reduced rate of 50%.

**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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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 municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.



**Village of Mantua, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 6 – Interfund Balances**

***Advances***

Outstanding advances at December 31, 2018 consisted of \$297 advanced to the Capital Project fund from the General Fund to provide funds for the Headwaters Trail Mill Street Connector Project and \$32,462 advanced to the Buchert Park Walking fund from the General Fund to provide funds for the construction of the walking trail.

**Note 7 - Risk Management**

***Risk Pool Membership***

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017 (the latest information available).

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Village of Mantua, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some 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 postretirement 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, 2018.

***Ohio Police and Fire Retirement System***

The Village's only full time Police Officer belongs to the Police and Fire Pension Fund (OP&F). OP&F is a cost sharing, multiple employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2018.

***Social Security***

Three of the Village's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

The employees contributed 6.2 percent of their gross salary. The Village contributed an amount equal to 6.2 percent of participants' gross salary. The Village has paid all contributions required through December 31, 2018.

**Note 9 - Postemployment Benefits**

Both OPERS and OP&F offer 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 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

**Village of Mantua, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 10 – Debt**

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
Village Hall Note Retirement	\$318,091	3.25%
Ohio Public Works Loan CG33S	25,123	0.00%
Ohio Public Works Loan CG36D	45,000	0.00%
Ohio Water Development Authority Loan 3413	1,208,120	0.68%
Ohio Water Development Authority Loan 3945	183,736	3.03%
Total	\$1,780,070	

There is a Village Hall Note Retirement which was to refinance the two General Obligation Bonds used to refurbish the Village Government Center. The Village was able to get a lower interest rate from Middlefield Bank by doing so. This note is paid in monthly installments and will be repaid by April 2027.

There are two Ohio Public Works Commission (OPWC) loans. Loan # CG36D is a sewer plant expansion project and CG33S is a loan for water treatment plant and wastewater treatment plant upgrades. The OPWC approved a total of \$177,914 in loans for these projects which are collateralized by the Villages water and sewer receipts.

There are two Ohio Water Development Authority (OWDA) loans. Loan # 3413 relates to a sewer plant construction project, and Loan # 3945 is the Franklin-Waterline loop, both mandated by the EPA. The OWDA approved up to \$5,939,549 in loans to the Village for these projects. The Village will repay the sewer loan in semiannual installments of \$153,335, including interest, by 2023. The Waterline Loop project is paid in semiannual installments of \$36,488, including interest, and will be repaid by 2024. These projects are collateralized by the Villages water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

***Amortization***

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

Year Ending December 31:	OWDA Loans	OPWC Loans	Village Hall Note
2019	\$343,157	\$9,361	\$43,699
2020	343,157	9,361	43,699
2021	343,157	9,361	43,699
2022	343,157	9,361	43,699
2023	36,488	9,361	43,699
2024-2028	18,244	16,805	145,662
2029-2032		6,513	
Total	\$1,427,360	\$70,123	\$364,157

**Village of Mantua, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 11 – Contingent Liabilities**

The Village is currently not involved in any lawsuits.

In 2017, the Village was awarded an OPWC grant for the West Prospect St. Roadway and Drainage Project for a total project cost of \$450,000. The grant award is \$250,000, and a loan is available up to \$50,000. The Village has committed \$125,000 in matching funds and \$25,000 in “in-kind” labor. This project began in 2018 and will be finalized upon completion in 2019.

The Village was awarded an OPWC grant for the Reservoir Rehabilitation Improvement project for a total project cost of \$450,000. The grant award is \$300,000, and a loan is available up to \$150,000. The contract will be awarded in June 2019.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the state government. 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 12 – Jointly Governed Organizations**

The Village participates in one jointly governed organization. The Village is a member of the Mantua-Shalersville Fire District, which provides fire protection and EMS services to Village residents. District members include Mantua Village, Mantua Township, and Shalersville Township. The District is governed by a three-member Board consisting of one official from each members elected governing body. The District is solely funded by voter approved tax levies. No funding is received from District members.

**Note 13 – Public Entity Risk Pool**

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker’s compensation. The pool’s business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**Note 14 – Subsequent Events**

The Village is currently seeking bids to purchase their waste water treatment plant.

VILLAGE OF MANTUA  
PORTAGE COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
<b>Cash Receipts</b>						
Property and Other Local Taxes	\$ 8,793	\$ 25,395	\$ 43,710	\$ -	\$ -	\$ 77,898
Municipal Income Tax	618,914	-	-	-	-	618,914
Intergovernmental	67,886	139,255	-	358,059	-	565,200
Special Assessments	-	74,735	-	-	-	74,735
Charges for Services	133,953	10,596	-	20,600	-	165,149
Fines, Licenses and Permits	26,908	-	-	-	-	26,908
Earnings on Investments	2,972	748	-	420	-	4,140
Miscellaneous	17,709	33,484	-	39,783	-	90,976
<i>Total Cash Receipts</i>	<u>877,135</u>	<u>284,213</u>	<u>43,710</u>	<u>418,862</u>	<u>-</u>	<u>1,623,920</u>
<b>Cash Disbursements</b>						
Current:						
Security of Persons and Property	570,404	-	-	-	-	570,404
Public Health Services	6,791	14,030	-	-	-	20,821
Leisure Time Activities	43,783	-	-	-	-	43,783
Community Environment	6,082	-	-	-	-	6,082
Transportation	24,533	224,761	-	-	-	249,294
General Government	228,928	-	-	-	-	228,928
Capital Outlay	-	27,790	-	458,755	-	486,545
Debt Service:						
Principal Retirement	7,930	-	385,143	-	-	393,073
Interest & Fiscal Charges	292	-	15,800	-	-	16,092
<i>Total Cash Disbursements</i>	<u>888,743</u>	<u>266,581</u>	<u>400,943</u>	<u>458,755</u>	<u>-</u>	<u>2,015,022</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(11,608)	17,632	(357,233)	(39,893)	-	(391,102)
<b>Other Financing Receipts (Disbursements)</b>						
Premium and Accrued Interest on Debt	-	-	29	-	-	29
Transfers In	-	-	-	16,141	-	16,141
Transfers Out	(83,141)	-	-	-	-	(83,141)
Loans Issued	-	-	371,810	-	-	371,810
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(83,141)</u>	<u>-</u>	<u>371,839</u>	<u>16,141</u>	<u>-</u>	<u>304,839</u>
<i>Net Change in Fund Cash Balances</i>	(94,749)	17,632	14,606	(23,752)	-	(86,263)
<i>Fund Cash Balances, January 1</i>	<u>318,433</u>	<u>220,468</u>	<u>123</u>	<u>136,344</u>	<u>34,000</u>	<u>709,368</u>
<b>Fund Cash Balances, December 31</b>						
Nonspendable	-	-	-	-	34,000	34,000
Restricted	-	238,100	14,729	112,592	-	365,421
Assigned	105,183	-	-	-	-	105,183
Unassigned	118,501	-	-	-	-	118,501
<i>Fund Cash Balances, December 31</i>	<u>\$ 223,684</u>	<u>\$ 238,100</u>	<u>\$ 14,729</u>	<u>\$ 112,592</u>	<u>\$ 34,000</u>	<u>\$ 623,105</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF MANTUA  
PORTAGE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Proprietary Fund Types Enterprise</u>	<u>Fiduciary Fund Types Agency</u>	<u>Totals (Memorandum Only)</u>
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 665,913	\$ -	\$ 665,913
Fines, Licenses and Permits	500	-	500
Miscellaneous	10,918	-	10,918
<i>Total Operating Cash Receipts</i>	677,331	-	677,331
<b>Operating Cash Disbursements</b>			
Personal Services	112,627	-	112,627
Fringe Benefits	41,974	-	41,974
Contractual Services	112,108	15	112,123
Supplies and Materials	49,739	-	49,739
<i>Total Operating Cash Disbursements</i>	316,448	15	316,463
<i>Operating Income (Loss)</i>	360,883	(15)	360,868
<b>Non-Operating Receipts (Disbursements)</b>			
Special Assessments	20,650	-	20,650
Other Debt Proceeds	11,734	-	11,734
Capital Outlay	(30,460)	(70)	(30,530)
Principal Retirement	(431,572)	-	(431,572)
Interest and Other Fiscal Charges	(20,614)	-	(20,614)
Other Financing Sources	24,470	-	24,470
<i>Total Non-Operating Receipts (Disbursements)</i>	(425,792)	(70)	(425,862)
<i>Income (Loss) before Transfers</i>	(64,909)	(85)	(64,994)
Transfers In	495,039	-	495,039
Transfers Out	(428,039)	-	(428,039)
<i>Net Change in Fund Cash Balance</i>	2,091	(85)	2,006
<i>Fund Cash Balances, January 1</i>	55,268	4,547	59,815
<i>Fund Cash Balances, December 31</i>	<u>\$ 57,359</u>	<u>\$ 4,462</u>	<u>\$ 61,821</u>

*The notes to the financial statements are an integral part of this statement.*

**Village of Mantua, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 1 - Reporting Entity**

The Village of Mantua, Portage County, 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. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services.

***Jointly Governed Organizations and Public Entity Risk Pools***

The Village participates in one jointly governed organization, and two public entity risk pools. Notes 7, 12 and 13 to the financial statements provides additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**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 and fiduciary 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 accounts for and reports 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 Construction Maintenance and Repair*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Road and Bridge Levy Fund***- This fund receives tax monies from a 5-year levy which may only be used for road and bridge improvements in the Village.

**Village of Mantua, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

**Debt Service Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

**Village Hall Note Retirement Fund-** The Village refinanced the General Obligation Bond Debt into a note retirement which reduced the interest rate from 4.4% to 3.25%.

**Capital Project Funds** These funds account for and report 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. The Village had the following significant Capital Project funds:

**High St. Paving and Waterline Replacement Fund** This fund is for an OPWC grant project for paving High St. and replacing a portion of the waterlines.

**Headwaters Trail-Mill Street Connector Fund** This fund is for an ODNR grant project connecting two hike and bike trails in the Village.

**Police Capital Fund** This fund receives proceeds from a contract for dispatch services to other communities. The proceeds are used to purchase equipment for the police department.

**Permanent Funds** These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the Village's programs (for the benefit of the Village or its citizenry). The Village had the following significant Permanent funds:

**Cemetery Endowment Fund** The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Village's cemetery.

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

**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 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 fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

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

**Sewer Debt Service Fund** This fund receives monthly transfers from the sewer operating fund to meet the Debt Service Requirements related to sewer operations.



**Village of Mantua, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village has no trust funds.

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

***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. Council 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 (except certain agency funds) be budgeted annually.

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

***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.

***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 re-appropriated.

A summary of 2017 budgetary activity appears in Note 3.

***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**Village of Mantua, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

***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.

***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 (ordinance or resolution). The Village must adhere to these commitments unless the Council amends the ordinance or 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. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget.

***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.

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.

**Village of Mantua, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 3 - Budgetary Activity**

Budgetary activity for the year ending 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$892,011	\$877,135	(\$14,876)
Special Revenue	288,438	284,213	(4,225)
Debt Service	437,375	415,549	(21,826)
Capital Projects	760,385	435,003	(325,382)
Enterprise	1,266,156	1,229,224	(36,932)

2017 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$1,016,480	\$982,067	\$34,413
Special Revenue	357,802	300,741	57,061
Debt Service	415,525	400,943	14,582
Capital Projects	757,487	460,920	296,567
Enterprise	1,289,951	1,245,268	44,683

**Village of Mantua, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**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 and investments at December 31 was as follows:

	2017
Demand deposits	<u>\$650,926</u>
Certificates of deposit	34,000
Total deposits	<u><u>\$684,926</u></u>

***Deposits***

Deposits are 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.

At December 31, 2017, \$206,172 of deposits were not insured or collateralized due to the OPCS collateral being approved at a reduced rate of 50%.

**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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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 municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Village of Mantua, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 6 – Interfund Balances**

***Advances***

Outstanding advances at December 31, 2017 consisted of \$75,000 advanced to the Capital Project fund from the General Fund to provide funds for the Headwaters Trail Mill Street Connector Project.

**Note 7 - Risk Management**

***Risk Pool Membership***

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016 (the latest information available).

	<u>2016</u>
Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$5,234,206</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Village of Mantua, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some 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 postretirement 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, 2017.

***Ohio Police and Fire Retirement System***

The Village's only full time Police Officer belongs to the Police and Fire Pension Fund (OP&F). OP & F is a cost sharing, multiple employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2017.

***Social Security***

Two of the Village's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

The employees contributed 6.2 percent of their gross salary. The Village contributed an amount equal to 6.2 percent of participants' gross salary. The Village has paid all contributions required through December 31, 2017.

**Note 9 - Postemployment Benefits**

Both OPERS and OP&F offer 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 members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

**Village of Mantua, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 10 – Debt**

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
Village Hall Note Retirement	\$350,666	3.25%
Police Car Loans	6,767	2.60%
Ohio Public Works Loan CG33S	26,983	0.00%
Ohio Public Works Loan CG36D	52,500	0.00%
Ohio Water Development Authority Loan 3413	1,505,059	0.68%
Ohio Water Development Authority Loan 3945	214,029	3.03%
Total	\$2,156,004	

There is a Village Hall Note which was to refinance the two General Obligation Bonds used to refurbish the Village Government Center. The Village was able to get a lower interest rate from Middlefield Bank by doing so. This note is paid in monthly installments and will be repaid by April 2027.

The Police car loans will be paid off by November 2018.

There are two Ohio Public Works Commission (OPWC) loans. Loan # CG36D is a sewer plant expansion project and CG33S is a loan for water treatment plant and wastewater treatment plant upgrades. This loan was understated by \$16,180 in 2016. The OPWC approved a total of \$177,914 in loans for these projects which are collateralized by the Villages water and sewer receipts.

There are two Ohio Water Development Authority (OWDA) loans. Loan # 3413 relates to a sewer plant construction project, and Loan # 3945 is the Franklin-Waterline loop, both mandated by the EPA. The OWDA approved up to \$5,939,549 in loans to the Village for these projects. The Village will repay the sewer loan in semiannual installments of \$153,335, including interest, by 2023. The Waterline Loop project is paid in semiannual installments of \$36,488, including interest, and will be repaid by 2024. These projects are collateralized by the Villages water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

***Amortization***

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

Year Ending December 31:	OWDA Loans	OPWC Loans	Village Hall Note	Police Car Loan
2018	\$343,157	\$8,430	\$43,699	\$6,851
2019	343,157	9,361	43,699	
2020	343,157	9,361	43,699	
2021	343,157	9,361	43,699	
2022	343,157	9,361	43,699	
2023-2027	54,732	24,305	189,361	
2028-2032		9,304		
Total	\$1,770,517	\$79,483	\$407,856	\$6,851

**Village of Mantua, Ohio**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 11 – Contingent Liabilities**

The Village is currently not involved in any lawsuits.

The Village was awarded an OPWC grant for the West Prospect St. Roadway and Drainage Project for a total project cost of \$450,000. The grant award is \$250,000, and a loan is available up to \$50,000. The Village is committing \$125,000 in matching funds and \$25,000 in “in-kind” labor. The contract will be awarded in June 2018.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the state government. 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 12 – Jointly Governed Organizations**

The Village participates in one jointly governed organization. The Village is a member of the Mantua-Shalersville Fire District, which provides fire protection and EMS services to Village residents. District members include Mantua Village, Mantua Township, and Shalersville Township. The District is governed by a three-member Board consisting of one official from each members elected governing body. The District is solely funded by voter approved tax levies. No funding is received from District members.

**Note 13 – Public Entity Risk Pool**

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker’s compensation. The pool’s business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

Village of Mantua  
Portage County  
4650 West High Street  
Mantua, OH 44255

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Mantua, Portage County (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated April 25, 2019, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2018-001 described in the accompanying Schedule of Findings to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

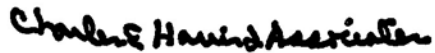
We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated April 25, 2019.

***Village's Response to Finding***

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

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



***Charles E. Harris and Associates, Inc.***

April 25, 2019

**VILLAGE OF MANTUA  
PORTAGE COUNTY  
SCHEDULE OF FINDINGS  
December 31, 2018 and 2017**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number 2018-001 - Material Weakness**

During 2018 and 2017, the Village erroneously recorded several transactions. The more significant adjustments are as follows:

- Recorded various refunds, rebates and reimbursements as other financing sources instead of miscellaneous revenues
- Did not record the proceeds of two grants and the related capital outlay therefore, understating receipts and disbursements
- Did not record the refinancing of two loans which were refinanced into a single loan.
- Did not account for encumbrances as assigned fund balance in the General Fund.

Adjustments were made in the financial statements and Village records.

The Village Officers' Handbook, Governmental Accounting Standards Board (GASB) Statement Number 54 and the UAN accounting manual provide suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example). Using these classifications and the aforementioned accounting records will provide the Village with information required to monitor compliance and with the budget and prepare annual reports in the format required by the Auditor of State.

We recommend that the Village refer to the Village Officer's Handbook, GASB Statement Number 54, the UAN manual and other Auditor of State guidance to properly classify its transactions. We also recommend the Fiscal Officer and Council review all reports compiled to ensure their accuracy.

**Management Response:**

See corrective action plan.

**VILLAGE OF MANTUA  
PORTAGE COUNTY, OHIO  
Summary Schedule of Prior Audit Findings-Prepared by management  
For the Years Ended December 31, 2017 and 2018**

Finding Number	Finding Summary	Status	Additional Information
2016-001	Material Weakness – Improper Posting of Transactions	Not corrected	Reissued as 2018-001

**VILLAGE OF MANTUA  
PORTAGE COUNTY, OHIO  
Corrective Action Plan-Prepared by management  
For the Years Ended December 31, 2017 and 2018**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2018-001	<p>The Clerk-Treasurer will continue to refer to the Village Officers Handbook when looking for a revenue code. If it is not specifically identified in the handbook, she will contact the Auditor and see which code they would recommend.</p> <p>Clerk-Treasurer is able to identify the encumbered monies at the close of the year. Clerk-Treasurer will classify those encumbered amounts in yearend reporting.</p>	<p>As soon as Auditor can verify which codes they considered to be incorrect.</p> <p>This has been done.</p>	<p>Jenny August, Clerk-Treasurer</p> <p>Jenny August, Clerk-Treasurer</p>

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OHIO AUDITOR OF STATE  
**KEITH FABER**



**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  
JULY 2, 2019**