

MANTUA TOWNSHIP

PORTAGE COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2021 and 2020



OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board of Trustees
Mantua Township
4122 State Route 82
Mantua, Ohio 44255

We have reviewed the *Independent Auditor's Report* of Mantua Township, Portage County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2020 through December 31, 2021. 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. Mantua Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 26, 2022

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**MANTUA TOWNSHIP
PORTAGE COUNTY
Regular Audit
For the Years Ended December 31, 2021 and 2020**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditors’ Report - 2021	1-3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2021	4
Notes to the Financial Statements – For the Year Ended December 31, 2021	5-12
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> - 2021	13-14
Independent Auditors’ Report - 2020	15-17
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2020.....	18
Notes to the Financial Statements – For the Year Ended December 31, 2020	19-26
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> - 2020.....	27-28
Schedule of Findings.....	29
Schedule of Prior Audit Findings (Prepared by Management).....	30
Corrective Action Plan (Prepared by Management)	31

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INDEPENDENT AUDITOR'S REPORT

Mantua Township
Portage County
4122 SR 82
Mantua, OH 44255

To the Township Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Mantua Township, Portage County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type and as of and for the year ended December 31, 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2021, or the changes in financial position for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 of the financial statements, the financial statements are prepared by Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. 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 and pervasive.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinions regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit 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 Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2022, on our consideration of the Township'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. 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 Township'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 Township's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.

June 24, 2022

**MANTUA TOWNSHIP
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, 2021**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts				
Property and Other Local Taxes	\$ 155,523	\$ 334,981	\$ -	\$ 490,504
Intergovernmental	130,249	527,699	-	657,948
Licenses, Permits and Fees	38,059	33,252	-	71,311
Earnings on Investments	1,676	439	1	2,116
Miscellaneous	5,117	23,474	-	28,591
<i>Total Cash Receipts</i>	<u>330,624</u>	<u>919,845</u>	<u>1</u>	<u>1,250,470</u>
Cash Disbursements				
Current:				
Public Works	984	508,149	-	509,133
Health	-	14,266	-	14,266
Conservation-Recreation	8,617	-	-	8,617
General Government	201,350	107,019	-	308,369
Capital Outlay	106,723	42,365	915	150,003
Debt Service:				
Principal Retirement	-	48,204	-	48,204
Interest & Fiscal Charges	-	6,054	-	6,054
<i>Total Cash Disbursements</i>	<u>317,674</u>	<u>726,057</u>	<u>915</u>	<u>1,044,646</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	12,950	193,788	(914)	205,824
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	-	1,048	-	1,048
Other Debt Proceeds	20,000	123,349	-	143,349
Other Financing Sources	1,215	-	-	1,215
<i>Total Other Financing Receipts (Disbursements)</i>	21,215	124,397	-	145,612
Special Item	14,085	-	-	14,085
<i>Net Change in Fund Cash Balances</i>	48,250	318,185	(914)	365,521
<i>Fund Cash Balances, January 1</i>	<u>266,629</u>	<u>452,865</u>	<u>17,327</u>	<u>736,821</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 314,879</u>	<u>\$ 771,050</u>	<u>\$ 16,413</u>	<u>\$ 1,102,342</u>

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

**MANTUA TOWNSHIP
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the Mantua Township, Portage County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Grove City and Portage County Sharif to provide police services.

The Township participates in one public entity risk pool and one jointly governed organization and is associated with a related organization. Notes 8 and 10 to the financial statements provides additional information for these entities. These organizations are:

Public Entity Risk Pool:

Ohio Township Association Risk Management Authority (“OTARMA”) is a risk-sharing pool that is available to Ohio Townships which provides property and casualty coverage for its members.

Jointly Governed Organization:

Mantua-Shalersville Fire District that serves Mantua Township and surrounding areas with fire protection.

The Township’s management believes these financial statements present all activities for which the Township is financially accountable.

B. Accounting Basis

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(C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and it recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentation reports budgetary disbursements 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(C) permit.

C. Deposits and Investments

The Township’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.

**MANTUA TOWNSHIP
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. 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 Township had the following significant Special Revenue Funds:

Road and Bridge Fund The road and bridge fund receives property tax money restricted for maintenance and repair of roads and bridges within the Township.

American Rescue Plan Fund The American rescue plan fund accounts for and reports the receipts of grant money for the purpose of providing human services in response to the COVID-19 pandemic and its negative economic impacts to the citizens of the Township.

3. 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 Township had the following significant Capital Project Fund:

Capital Equipment Fund The capital equipment fund accounts for monies used for capital assets such as land and vehicles.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

1. Appropriations

Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**MANTUA TOWNSHIP
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township 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 2021 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

The Township 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 Township and the nonspendable portion of the corpus in permanent funds.

2. 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.

3. Committed

The Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend 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.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**MANTUA TOWNSHIP
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance – (Continued)

5. 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 Township 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 12.

G. Property, Plant, and Equipment

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

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The Township 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:

	2021
Demand deposits	\$ 574,493
Other Savings Accounts	\$ 527,849
Total deposits	<u>\$ 1,102,342</u>

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Township is holding \$4,643.78 in unremitted employee payroll withholdings.

**MANTUA TOWNSHIP
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(Continued)**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS (continued)

Deposits: Deposits are insured by the Federal Depository Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the Township, or 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.

Investments: At December 31, 2021, the Township did not have any investments.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 278,958	\$ 365,924	\$ 86,966
Special Revenue	664,783	1,044,242	379,459
Capital Projects	-	1	1

2021 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 344,908	\$ 319,768	\$ 25,140
Special Revenue	808,485	732,602	75,883
Capital Projects	9,934	915	9,019

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees 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.

Public utilities are also taxed on personal and real property located within the Township. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**MANTUA TOWNSHIP
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(Continued)**

5. DEBT

Debt outstanding at December 31, 2021 was as follows:

	Principal	Interest Rate
2018 CAT Backhoe	\$ 13,638	4.99%
2020 International	91,571	4.50%
	\$ 105,209	

The Township has a loan for a 2018 CAT Backhoe through KS State Bank. The Township has a loan for a 2020 International dump truck through KS State Bank. KS State Bank forgave \$2,025 of the dump truck loan.

Amortization of the above debt is scheduled as follows:

Year ending December 31:

Year ending December 31:	2020 International	2018 CAT Backhoe
2022	\$ 37,476	\$ 15,782
2023	38,476	-
2024	19,237	-
	\$ 95,189	\$ 15,782

6. RETIREMENT SYSTEMS

Ohio Public Employees Retirement System

All of the Township's 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 Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2021.

7. POSTEMPLOYMENT BENEFITS

OPERS 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% during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4% during calendar year 2021.

**MANTUA TOWNSHIP
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(Continued)**

8. RISK MANAGEMENT

Workers' Compensation coverage is provided by the State of Ohio. The Township 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.

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township'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

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

	<u>2020</u>
Cash and investments	\$ 36,348,066
Actuarial liabilities	10,894,146

9. CONTINGENT LIABILITIES

Management believes there are no pending claims or lawsuits.

10. JOINTLY GOVERNED ORGANIZATION

The Township participates in one jointly governed organization. This organization is the Mantua-Shalersville Fire District. This Fire District consists of Mantua Township, Mantua Village and Shalersville Township. The Fire District is supported by its own property tax levies and is governed by a three-member Board of Trustees. One Trustee is appointed by each member community. The Fire District also employs its own Fiscal Officer to oversee its finances.

**MANTUA TOWNSHIP
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021
(Continued)**

11. 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. Ohio's state of emergency ended in June 2021, while the national state of emergency continues. During 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. The Township's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

12. FUND BALANCE

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. 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 facilities effective cash planning and control. At year end, the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Nonspendable:			
Unclaimed	\$ 15	\$ -	\$ 15
Outstanding Encumbrances	\$ 2,094	\$ 6,545	\$ 8,639

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

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

Mantua Township
Portage County
4122 SR 82
Mantua, OH 44255

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the year ended December 31, 2021 and the related notes to the financial statements of Mantua Township, Portage County, (the Township) and have issued our report thereon dated June 24, 2022, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township'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 Township'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 therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2021-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 24, 2022.

Township's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Township's response to the finding identified in our audit and described in the accompanying corrective action plan. The Township's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Township'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 Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
June 24, 2022

INDEPENDENT AUDITORS' REPORT

Mantua Township
Portage County
4122 SR-82
Mantua, OH 44255

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type and related notes of Mantua Township, Portage County, Ohio (the Township) as of and for the year ended December 31, 2020.

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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) 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 Township'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 Township'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 Township 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(C), 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 Township 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(C) permit. Our opinion on this accounting basis 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 Township as of December 31, 2020, and changes in financial position for the year then ended.

Opinion on Regulatory Basis of Accounting

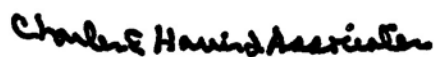
In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type and related notes of Mantua Township, Portage County, Ohio, as of December 31, 2020, for the year then ended in accordance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

Emphasis of Matter

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. As discussed in Note 14 to the financial statements, the Township made several changes to its reporting model. We did not modify our opinions regarding these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2022, on our consideration of the Township'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 Township's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
June 24, 2022

**MANTUA TOWNSHIP
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, 2020**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Property and Other Local Taxes	\$ 148,480	\$ 323,831	\$ -	\$ 472,311
Charges for Services	50	-	-	50
Intergovernmental	129,327	482,874	-	612,201
Licenses, Permits and Fees	37,332	21,399	-	58,731
Earnings on Investments	3,829	914	55	4,798
Miscellaneous	9,952	13,656	-	23,608
<i>Total Cash Receipts</i>	<u>328,970</u>	<u>842,674</u>	<u>55</u>	<u>1,171,699</u>
Cash Disbursements				
Current:				
General Government	200,768	169,830	-	370,598
Public Works	826	663,457	-	664,283
Health	-	21,933	-	21,933
Human Services	2,774	-	-	2,774
Conservation-Recreation	8,673	-	-	8,673
Capital Outlay	71,844	143,098	23,177	238,119
Debt Service:				
Principal Retirement	-	32,876	-	32,876
Interest	-	2,144	-	2,144
<i>Total Cash Disbursements</i>	<u>284,885</u>	<u>1,033,338</u>	<u>23,177</u>	<u>1,341,400</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	44,085	(190,664)	(23,122)	(169,701)
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	-	25,922	-	25,922
Transfers In	-	7,000	16,000	23,000
Transfers Out	(23,000)	-	-	(23,000)
Advances In	-	75,000	-	75,000
Advances Out	(75,000)	-	-	(75,000)
Other Financing Sources	2,693	-	-	2,693
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(95,307)</u>	<u>107,922</u>	<u>16,000</u>	<u>28,615</u>
<i>Net Change in Fund Cash Balances</i>	(51,222)	(82,742)	(7,122)	(141,086)
<i>Fund Cash Balances, January 1, Restated</i>	<u>317,851</u>	<u>535,607</u>	<u>24,449</u>	<u>877,907</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 266,629</u>	<u>\$ 452,865</u>	<u>\$ 17,327</u>	<u>\$ 736,821</u>

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

**MANTUA TOWNSHIP
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the Mantua Township, Portage County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Mantua and Portage County Sharif to provide police services.

The Township participates in one public entity risk pool and one jointly governed organization and is associated with a related organization. Notes 8 and 10 to the financial statements provides additional information for these entities. These organizations are:

Public Entity Risk Pool:

Ohio Township Association Risk Management Authority (“OTARMA”) is a risk-sharing pool that is available to Ohio Townships which provides property and casualty coverage for its members.

Jointly Governed Organization:

Mantua-Shalersville Fire District that serves Mantua Township and surrounding areas with fire protection.

The Township’s management believes these financial statements present all activities for which the Township is financially accountable.

B. Accounting Basis

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(C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and it recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentation reports budgetary disbursements 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(C) permit.

C. Deposits and Investments

The Township’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.

**MANTUA TOWNSHIP
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. 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 Township had the following significant Special Revenue Funds:

Road and Bridge Fund The road and bridge fund receives property tax money restricted for maintenance and repair of roads and bridges within the Township.

Corona Virus Relief Fund The coronavirus relief fund accounts for and reports receipts of CARES Act money for the purpose of providing public safety and human services to the citizens of the Township.

3. 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 Township had the following significant Capital Project Fund:

Capital Equipment Fund The capital equipment fund accounts for monies used for capital assets such as land and vehicles.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

1. Appropriations

Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**MANTUA TOWNSHIP
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township 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 2020 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

The Township 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 Township and the nonspendable portion of the corpus in permanent funds.

2. 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.

3. Committed

The Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend 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.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**MANTUA TOWNSHIP
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. 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 Township 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 13.

G. Property, Plant, and Equipment

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

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The Township 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>2020</u>
Demand deposits	\$ 210,026
Other Savings Accounts	\$ 526,795
Total deposits	<u>\$ 736,821</u>

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township is holding \$2,819.40 in unremitted employee payroll withholdings.

**MANTUA TOWNSHIP
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS (continued)

Deposits: Deposits are insured by the Federal Depository Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the Township, or 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.

Investments: At December 31, 2020, the Township did not have any investments.

3. BUDGETARY ACTIVITY

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

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 288,000	\$ 331,663	\$ 43,663
Special Revenue	927,038	875,596	(51,442)
Capital Projects	50,557	16,055	(34,502)

2020 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 391,836	\$ 335,941	\$ 55,895
Special Revenue	1,256,811	1,169,757	87,054
Capital Projects	75,000	24,092	50,908

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees 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.

Public utilities are also taxed on personal and real property located within the Township. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**MANTUA TOWNSHIP
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)**

5. DEBT

Debt outstanding at December 31, 2020 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2018 CAT Backhoe	\$ 27,276	4.99%
	<u>\$ 27,276</u>	

The Township has a loan for a 2018 CAT Backhoe through KS State Bank. The Township made an initial principal payment of \$19,237 on a 2020 International dump truck debt issue that was received in 2021. The principal amount nor the amortization schedule is shown for this debt issue since not received until 2021.

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

Year ending December 31:

<u>Year ending December 31:</u>	<u>2018 CAT Backhoe</u>
2021	\$ 15,782
2022	<u>15,782</u>
	<u>\$ 31,564</u>

6. RETIREMENT SYSTEMS

All of the Township’s 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 Township contributed an amount equaling 14% of participants’ gross salaries. The Township has paid all contributions required through December 31, 2020.

7. POSTEMPLOYMENT BENEFITS

OPERS 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 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.

**MANTUA TOWNSHIP
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)**

8. RISK MANAGEMENT

Workers' Compensation coverage is provided by the State of Ohio. The Township 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.

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township'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

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

		2019
Cash and investments	\$	35,207,320
Actuarial liabilities	\$	10,519,942

9. CONTINGENT LIABILITIES

Management believes there are no pending claims or lawsuits.

10. JOINTLY GOVERNED ORGANIZATION

The Township participates in one jointly governed organization. This organization is the Mantua-Shalersville Fire District. This Fire District consists of Mantua Township, Mantua Village and Shalersville Township. The Fire District is supported by its own property tax levies and is governed by a three-member Board of Trustees. One Trustee is appointed by each member community. The Fire District also employs its own Fiscal Officer to oversee its finances.

11. TRANSFERS

During 2020, the following transfers were made:

	Transfers to Capital Projects	Transfers to Zoning Fund
Transfers From General Fund	\$ 16,000	\$ 7,000

**MANTUA TOWNSHIP
PORTAGE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020
(Continued)**

11. TRANSFERS (continued)

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

12. COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

13. FUND BALANCE

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. 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 facilities 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>Capital Projects</u>	<u>Total</u>
Nonspendable:				
Unclaimed	\$ 15	\$ -	\$ -	\$ 15
Outstanding Encumbrances	\$ 28,056	\$ 136,419	\$ 915	\$ 164,475

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

14. Change in Accounting Principle

For 2020, the Township has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types. At January 1, 2020 the Private Purpose Trust Fund was reclassified to a Special Revenue Fund for \$2,809. Also, the Custodial Fund was reclassified to the General Fund for \$15.

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

Mantua Township
Portage County
4122 SR 82
Mantua, OH 44255

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the year ended December 31, 2020 and the related notes to the financial statements of Mantua Township, Portage County, (the Township) and have issued our report thereon dated June 24, 2022, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township and several changes to its reporting model.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township'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 Township'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 were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2021-001 that we consider to be a material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 24, 2022.

Township's Response to Finding

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

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 Township'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 Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
June 24, 2022

MANTUA TOWNSHIP
Portage County
Schedule of Findings
December 31, 2021 and 2020

Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS
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Finding Number: 2021-001 – Material Weakness

Audit Adjustments and Reclassifications

During 2021 and 2020, errors were noted in the Township’s financial statements that required audit adjustments and reclassifications, the most significant of which are as follows:

- During 2020 and 2021, the Permanent fund was adjusted to a Special revenue fund since no part of the balance was nonspendable.
- During 2020 and 2021, the Custodial Fund Unclaimed Monies was adjusted to General Fund.
- During 2020, reclassified \$43,533 from General Fund Miscellaneous revenue to Intergovernmental revenue for a grant from Portage County.
- In 2020, reclassified \$123,349 from Special Revenue, Public Works to Capital Outlay for purchase of vehicle.
- During 2020, move \$20,000 from General Fund, General Government to Capital Outlay for capital purchases.
- During 2021, reclassified \$123,349 from Special Revenue, Miscellaneous revenue to Other Debt Proceeds.
- During 2021, reclassified \$20,000 from General Fund, Miscellaneous revenue to Other Debt Proceeds.
- In 2020, \$19,238 was reclassified from Special Revenue, Public Works to Principal Retirement.
- In 2021, \$48,204 and \$6,054 was reclassified from Special Revenue, Public Works to Principal Retirement and Interest Charges, respectively.
- In both 2020 and 2021, the footnotes completed by the Township and filed with the Auditor of State were completed in accordance with the modified cash basis of accounting rather than the Auditor of State regulatory basis of accounting. They included certain disclosures not necessary and did not include certain required disclosures.

The accompanying financial statements and the Township’s records have been adjusted to properly reflect these transactions.

Sound financial reporting is the responsibility of the Township and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the Township adopt policies and procedures to identify and correct errors and omissions in a timely manner. Management can use the Ohio Township Handbook, the Uniform Accounting Network Manual and other Auditor of State guidance to aid in properly identifying account classifications and preparing annual financial statements. We also recommend the Township use the Auditor of State footnote templates for the AOS regulatory basis of accounting from their website and update all information accordingly.

Management’s Response:

See Corrective Action Plan

**MANTUA TOWNSHIP
PORTAGE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
For the Years Ended December 31, 2021 and 2020
Prepared by Management**

Finding Number	Finding Summary	Status	Additional Information
2019-001	Material Weakness-Audit adjustments and reclassifications	Not Corrected	
2019-002	Material Weakness-Budgetary information not updated in accounting system	Corrected	
2019-003	Finding for Recovery-Payroll withholding late remittances, late penalties and interest	Corrected	

**MANTUA TOWNSHIP
PORTAGE COUNTY, OHIO**

**CORRECTIVE ACTION PLAN (Prepared by Management)
December 31, 2021 and 2020**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-001	Going forward, proper classification will be used for all transactions using the noted guidance.	Immediately	Julie Pemberton, Fiscal Officer

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OHIO AUDITOR OF STATE KEITH FABER



MANTUA TOWNSHIP

PORTAGE 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 9/8/2022

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