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*ALGER & ASSOCIATES, Inc.*



*PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES*

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*VILLAGE OF MOGADORE*

*SUMMIT COUNTY*

*REGULAR AUDIT*

*A&A*

FOR THE YEARS ENDED

DECEMBER 31, 2019 - 2018

6927 Burgundy Ave NW  
North Canton, OH 44720  
Phone (330) 353-5851  
Fax (330) 768-7574



OHIO AUDITOR OF STATE  
KEITH FABER



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

Village Council  
Village of Mogadore  
135 South Cleveland Avenue  
Mogadore, Ohio 44260

We have reviewed the *Independent Auditor's Report* of the Village of Mogadore, Summit County, prepared by Alger & Associates, Inc., for the audit period January 1, 2018 through December 31, 2019. 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 Mogadore 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

[December 14, 2020

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**VILLAGE OF MOGADORE  
SUMMIT COUNTY**

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***ALGER & ASSOCIATES, Inc.***

***Certified Public Accountants***

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## INDEPENDENT AUDITOR'S REPORT

Village of Mogadore  
Summit County  
135 S. Cleveland Avenue  
Mogadore, Ohio. 44260

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 Mogadore, Summit County, Ohio (the Village) as of and for the years ended December 31, 2019 and December 31, 2018.

### ***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(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.

6927 Burgundy Ave. NW  
North Canton, OH 44720  
Phone - 330-353-5851  
FAX - 330-768-7574

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 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, 2019 and December 31, 2018, and the respective changes in financial position 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 Mogadore, Summit County as of December 31, 2019 and December 31, 2018, 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.

***Emphasis of Matter***

As discussed in Note 12 to the financial statements, during 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding his matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2020, 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.

**Karen S  
Alger, CPA**  Digitally signed by Karen S Alger,  
CPA  
DN: cn=Karen S Alger, CPA, o=Alger  
& Associates, Inc, ou,  
email=ksalger46@att.net, c=US  
Date: 2020.10.29 12:57:23 -0400

Alger & Associates, Inc.  
Certified Public Accountants  
North Canton, Ohio

October 18, 2020



**Village of Mogadore Ohio**  
**Summit County**  
*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2019*

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$144,434	\$12,008			\$156,442
Municipal Income Tax	2,577,665			705,172	3,282,837
Intergovernmental	132,591	243,197		531,546	907,334
Charges for Services		162,936			162,936
Fines, Licenses and Permits	93,851	3,055			96,906
Miscellaneous	132,987	45,289			178,276
<i>Total Cash Receipts</i>	<u>3,081,528</u>	<u>466,485</u>	-	<u>1,236,718</u>	<u>4,784,731</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	1,671,698	133,514			1,805,212
Public Health Services		32,442			32,442
Leisure Time Activities		135,217			135,217
Community Environment	4,432				4,432
Basic Utility Services	14,381				14,381
Transportation		494,736			494,736
General Government	684,691	861		\$38,113	723,665
Capital Outlay	52,790	38,333		1,838,917	1,930,040
Debt Service:					
Principal Retirement			\$34,000		34,000
Interest and Fiscal Charges			31,150		31,150
<i>Total Cash Disbursements</i>	<u>2,427,992</u>	<u>835,103</u>	<u>65,150</u>	<u>1,877,030</u>	<u>5,205,275</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>653,536</u>	<u>(368,618)</u>	<u>(65,150)</u>	<u>(640,312)</u>	<u>(420,544)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In		413,100	65,150		478,250
Transfers Out	(478,250)				(478,250)
Other Financing Sources	23,830				23,830
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(454,420)</u>	<u>413,100</u>	<u>65,150</u>	-	<u>23,830</u>
<i>Net Change in Fund Cash Balances</i>	199,116	44,482		(640,312)	(396,714)
<i>Fund Cash Balances, January 1</i>	<u>389,196</u>	<u>337,642</u>	<u>50</u>	<u>1,408,117</u>	<u>2,135,005</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable	23,830				23,830
Restricted		382,124		767,805	1,149,929
Assigned	422,816		50		422,866
Unassigned	141,666				141,666
<i>Fund Cash Balances, December 31</i>	<u>\$588,312</u>	<u>\$382,124</u>	<u>\$50</u>	<u>\$767,805</u>	<u>\$1,738,291</u>

See accompanying notes to the basic financial statements

**Village of Mogadore Ohio**  
**Summit County**  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Fiduciary Fund Type*  
*For the Year Ended December 31, 2019*

	Fiduciary Fund Types
	Custodial
<b>Non-Operating Receipts (Disbursements)</b>	
Other Financing Sources	104,615
Other Financing Uses	(59,626)
<i>Total Non-Operating Receipts</i>	44,989
<i>Net Change in Fund Cash Balances</i>	44,989
<i>Fund Cash Balances, January 1</i>	18,769
<i>Fund Cash Balances, December 31</i>	\$63,758

*See accompanying notes to the basic financial statements*

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

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**Note 1 - Reporting Entity**

The Village of Mogadore (the Village), Summit 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 general government services including park operations, police services, and fire and emergency medical services to the residents of the Village.

**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.

***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:

***Debt Service Fund*** The debt service fund accounts for resources received for the payment of a note used for various improvements and capital acquisitions.

***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:

***Water/Sewer Construction Fund*** The water/sewer construction fund accounts for resources received from the Ohio Public Works Commission and income tax monies. These funds are being used for various replacement and reconstruction projects.

***Cleveland Ave OPWC Capital Improvement Fund*** The fund accounts for grant proceeds received from the Ohio Public Works Commission for reconstruction of roads and water and sewer lines.

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds and custodial funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

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

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

***Fund Accounting*** *(continued)*

Custodial 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 Custodial fund accounts for fines and forfeitures from the Mayor's Court to be distributed to the Village, State of Ohio, and other local governments.

***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 Board 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 custodial funds) be budgeted annually.

***Appropriations*** Budgetary expenditures (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 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 reappropriated.

A summary of 2019 budgetary activity appears in Note 4.

***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. The Village did not have any investments in 2019.

***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.

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

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

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

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

***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.

**Note 3 – Compliance**

In addition, contrary to Ohio law §5705.39 appropriations exceeded estimated resources available (estimated receipts plus unencumbered balances) in the Capital Project Fund at end of December 31, 2019.

**Note 4 - Budgetary Activity**

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

Fund Type	2019 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$2,793,472	\$3,105,358	\$311,886
Special Revenue	827,485	879,585	52,100
Debt Service	65,150	65,150	0
Capital Projects	2,246,496	1,236,718	(1,009,778)
Total	\$5,932,603	\$5,286,811	(\$645,792)

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

**Note 4 - Budgetary Activity** *(continued)*

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,147,562	\$3,134,385	\$13,177
Special Revenue	936,338	897,952	38,386
Debt Service	65,150	65,150	0
Capital Projects	3,101,107	2,495,818	605,289
Total	\$7,250,157	\$6,593,305	\$656,852

**Note 5 – 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:

	2019
Demand deposits	\$1,802,049

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation; 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.

**Note 6 – 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.

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

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

***Income Taxes***

The Village levies a municipal income tax of 2% through June 30, 2019 and 2.5% as of July 1, 2019 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.

The Village has contracted with the Regional Income Tax Authority (RITA) for collection of income tax.

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

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**Note 7 - Risk Management**

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

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**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, 2019.

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

Some Village's certified Fire Fighters and full-time Police Officers belong 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 and 24% of full-time fire fighters' wages, respectively. The Village has paid all contributions required through December 31, 2019.

***Social Security***

Several Village's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

**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. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

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

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**Note 10 – Debt**

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
Various Purpose Improvement Notes, Series 2018	\$446,000	3.75%
Total	\$446,000	

Various Purpose Improvement Notes, Series 2018, was issued March 8, 2018 in the amount of \$480,000. The note matures March 8, 2028, at an interest rate of 3.75%. The note was issued in anticipation of the issuance of bonds to pay costs of constructing, furnishing, equipping, and otherwise improving a police station and its site and to pay costs of acquiring an ambulance.

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

Year Ending December 31:	Amount
2020	65,725
2021	65,888
2022	64,975
2023	65,025
2024-2027	262,874
Total	\$ 524,487

**Note 11 – Contingent Liabilities**

The Village was not part of any lawsuits in 2019.

**Note 12 – Subsequent Events**

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 Village. The impact on the Village’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.



**Village of Mogadore Ohio**  
**Summit 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*

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$139,346	\$19,185			\$158,531
Municipal Income Tax	2,530,486			915,084	3,445,570
Intergovernmental	113,447	228,806		675,354	1,017,607
Charges for Services		148,049			148,049
Fines, Licenses and Permits	81,209	3,520			84,729
Miscellaneous	142,614	20,448			163,062
<i>Total Cash Receipts</i>	<u>3,007,102</u>	<u>420,008</u>	<u>0</u>	<u>1,590,438</u>	<u>5,017,548</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	1,714,682	124,443			1,839,125
Public Health Services		33,110			33,110
Leisure Time Activities		123,761			123,761
Community Environment	6,527				6,527
Basic Utility Services	16,902				16,902
Transportation		488,904			488,904
General Government	684,127	1,695		\$37,255	723,077
Capital Outlay	101,292	52,021		1,092,217	1,245,530
Debt Service:					
Principal Retirement			\$530,000		530,000
Interest and Fiscal Charges			10,479		10,479
<i>Total Cash Disbursements</i>	<u>2,523,530</u>	<u>823,934</u>	<u>540,479</u>	<u>1,129,472</u>	<u>5,017,415</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>483,572</u>	<u>(403,926)</u>	<u>(540,479)</u>	<u>460,966</u>	<u>133</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Notes			480,000		480,000
Transfers In		417,497	59,957		477,454
Transfers Out	(477,454)				(477,454)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(477,454)</u>	<u>417,497</u>	<u>539,957</u>	<u>0</u>	<u>480,000</u>
<i>Net Change in Fund Cash Balances</i>	6,118	13,571	(522)	460,966	480,133
<i>Fund Cash Balances, January 1 (refer to note 3 restated fund balance)</i>	<u>383,078</u>	<u>324,071</u>	<u>572</u>	<u>947,151</u>	<u>1,654,872</u>
<b>Fund Cash Balances, December 31</b>					
Restricted		337,642		1,408,117	1,745,759
Assigned	317,813		50		317,863
Unassigned	71,383				71,383
<i>Fund Cash Balances, December 31</i>	<u>\$389,196</u>	<u>\$337,642</u>	<u>\$50</u>	<u>\$1,408,117</u>	<u>\$2,135,005</u>

See accompanying notes to the basic financial statements

**Village of Mogadore Ohio**  
**Summit County**  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Fiduciary Fund Type*  
*For the Year Ended December 31, 2018*

	Fiduciary Fund Types
	Agency
<b>Non-Operating Receipts (Disbursements)</b>	
Other Financing Sources	58,379
Other Financing Uses	(65,432)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(7,053)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(7,053)</i>
<i>Fund Cash Balances, January 1</i>	<i>25,822</i>
<i>Fund Cash Balances, December 31</i>	<i>\$18,769</i>

*See accompanying notes to the basic financial statements*

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

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**Note 1 - Reporting Entity**

The Village of Mogadore (the Village), Summit 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 general government services including park operations, police services, and fire and emergency medical services to the residents of the Village.

**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.

***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:

***Debt Service Fund*** The debt service fund accounts for resources received for the payment of a note used for various improvements and capital acquisitions.

***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:

***Water/Sewer Construction Fund*** The water/sewer construction fund accounts for resources received from the Ohio Public Works Commission and income tax monies. These funds are being used for various replacement and reconstruction projects.

***Cleveland Ave OPWC Capital Improvement Fund*** The fund accounts for grant proceeds received from the Ohio Public Works Commission for reconstruction of roads and water and sewer lines.

***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.

**Village of Mogadore, Ohio**  
*Summit 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)*

***Fund Accounting*** *(continued)*

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 fines and forfeitures from the Mayor's Court to be distributed to the Village, State of Ohio, and other local governments.

***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 Board 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 fund, function or 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 reappropriated.

A summary of 2018 budgetary activity appears in Note 4.

***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. The Village did not have any investments in 2018.

***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.

**Village of Mogadore, Ohio**  
*Summit 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)*

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

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

***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 Mogadore, Ohio**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 3 – Fund Balance Restatement** *(continued)*

**Restatement of Fund Balance**

The Village had voided outstanding checks from prior years that have been restated with the following effect on the fund balances of the Governmental funds as they were previously reported:

	Governmental Fund Basis				Total Governmental Funds
	General	Special Revenue	Debt Service	Capital Projects	
Fund Balance at December 31, 2017	\$370,435	\$322,654	\$572	\$947,151	\$1,640,812
Voided Prior Year Warrants	\$12,643	\$1,417	\$0	\$0	\$14,060
Adjusted Fund Balance at December 31, 2017	\$383,078	\$324,071	\$572	\$947,151	\$1,654,872

**Note 3 – Compliance**

In addition, contrary to Ohio law §5705.39 appropriations exceeded estimated resources available (estimated receipts plus unencumbered balances) in the Capital Project Fund at end of December 31, 2018.

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,918,893	\$3,007,102	\$88,209
Special Revenue	871,181	837,505	(33,676)
Debt Service	539,906	539,957	51
Capital Projects	1,588,954	1,590,438	1,484
Total	\$5,918,934	\$5,975,002	\$56,068

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,222,299	\$3,153,288	\$69,011
Special Revenue	959,321	902,697	56,624
Debt Service	540,479	540,479	0
Capital Projects	2,116,075	1,792,289	323,786
Total	\$6,838,174	\$6,388,753	\$449,421

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

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**Note 5 – 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:

	2018
Demand deposits	<u>\$2,153,774</u>

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation; 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.

**Note 6 – 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.

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

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

***Income Taxes***

The Village levies a municipal income tax of 2.25 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.

The Village has contracted with the Regional Income Tax Authority (RITA) for collection of income tax.

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

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**Note 7 - Risk Management**

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

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**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***

Some Village's certified Fire Fighters and full-time Police Officers belong 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 and 24% of full-time fire fighters' wages, respectively. The Village has paid all contributions required through December 31, 2018.

***Social Security***

Several Village's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. 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. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.



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

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**Note 10 – Debt**

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
Various Purpose Improvement Notes, Series 2018	\$480,000	3.75%
Total	\$480,000	

Various Purpose Improvement Notes, Series 2018, was issued March 8, 2018 in the amount of \$480,000. The note matures March 8, 2028, at an interest rate of 3.75%. The note was issued in anticipation of the issuance of bonds to pay costs of constructing, furnishing, equipping, and otherwise improving a police station and its site and to pay costs of acquiring an ambulance.

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

Year Ending December 31:	Amount
2019	\$ 65,150
2020	65,725
2021	65,888
2022	64,975
2023	65,025
2024-2027	262,874
Total	\$ 589,637

**Note 11 – Contingent Liabilities**

The Village was not part of any lawsuits in 2018.

**Note 12 – Subsequent Events**

On November 6, 2018, the Village residence voted and approved an annual income tax increase of .25% effective July 1, 2019 for infrastructure improvement purposes of the municipality. There were no subsequent events noted through the date of the report.

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***ALGER & ASSOCIATES, Inc.***

***Certified Public Accountants***

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

Village of Mogadore  
Summit County  
135 S. Cleveland Avenue  
Mogadore, Ohio. 44260

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 cash balances, receipts, and disbursements by fund type of the Village of Mogadore, Summit County, (the Village) as of and for the years ended December 31, 2019 and December 31, 2018, and the related notes to the financial statements and have issued our report thereon dated October 18, 2020 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. In addition, as disclosed in Note 12, the United States and the State of Ohio declared a state of emergency in March, 2020 due to the COVID-19 pandemic. The ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

***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 opinion 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 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of finding as items 2019-001.


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

The Village's response to the finding identified in our audit is described in the accompanying schedule of finding. We did not subject the Village's response to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

***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 communication is not suitable for any other purpose.

**Karen S**  
**Alger, CPA**



Digitally signed by Karen S  
Alger, CPA  
DN: cn=Karen S Alger, CPA,  
o=Alger & Associates, Inc, ou,  
email=ksalger46@att.net, c=US  
Date: 2020.10.29 12:56:57 -04'00'

Alger & Associates, Inc.  
Certified Public Accountants  
North Canton, Ohio

October 18, 2020

*Village of Mogadore, Ohio  
Summit County  
Schedule of Findings  
December 31, 2019 and 2018*

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2019-001**

**Noncompliance/Material Weakness - Appropriations Limited By Estimated Revenue**

**Ohio Revised Code §5705.39**, provides that total appropriations from each fund shall not exceed the total estimated resources. An appropriation measure is not effective until the County Auditor certifies that appropriations from each fund do not exceed the total official estimate approved by the County Budget Commission. At year end December 31, 2019, the Water/Sewer Maintenance Project fund had appropriations [\$1,999,852] in excess of estimated resources [\$1,870,926] by \$128,926.

We recommend the Mayor, Finance Committee and Council monitor appropriations throughout the year to ensure that they do not exceed the total estimated resources. No expenditures or commitments should be made until the County Auditor certifies that the appropriations from each fund do not exceed the official estimates

***Village's Response:** Future appropriations will be monitored to ensure they do not exceed total estimated resources and no commitments will be made until the County Auditor certifies that the appropriations from each fund do not exceed the official estimates.*

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**Village of Mogadore, Ohio**  
*Summit County*  
*Schedule of Prior Audit Findings*  
*December 31, 2019 and 2018*

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2017-001	<b>Material Weakness – Cash Reconciliation</b> deficiencies in reconciling and lack of supporting documentation.	Yes	Finding No Longer Valid
2017-002	<b>Significant Deficiency: Posting Budget Amounts</b> During 2017 a fund’s estimated revenue within accounting system did not agree to County Auditor Certificate.	Yes	Finding No Longer Valid

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF MOGADORE**

**SUMMIT 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 12/29/2020**

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

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