

VILLAGE OF MANTUA

PORTAGE COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021





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Village Council
Village of Mantua
4650 West High Street
P.O. Box 775
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We have reviewed the *Independent Auditor's Report* of the Village of Mantua, Portage County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

August 03, 2023

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**VILLAGE OF MANTUA
PORTAGE COUNTY
For the years ended December 31, 2022 and 2021**

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INDEPENDENT AUDITOR'S REPORT

Village of Mantua
Portage County
4650 W. High Street
PO Box 775
Mantua, Ohio 44255

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Mantua, Portage County, Ohio (the Village), which comprise the cash balances, receipts and disbursements for each governmental and fiduciary fund type as of and for the year ended December 31, 2022, and for each governmental and proprietary fund type and the fiduciary 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 and fiduciary fund type as of and for the year ended December 31, 2022, and for each governmental and proprietary fund type and the fiduciary fund type 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 Village of Mantua, Portage County, as of December 31, 2022 and 2021, or the changes in financial position or its cash flows thereof for the years 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 Village, 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 the Village 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 16 to the 2022 and 2021 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. 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 Village'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 Village'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 Village'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 May 19, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
May 19, 2023

VILLAGE OF MANTUA
PORTAGE COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
Cash Receipts						
Property and Other Local Taxes	\$ 59,904	\$ 102,979	\$ -	\$ -	\$ -	\$ 162,883
Municipal Income Tax	868,860	-	-	-	-	868,860
Intergovernmental	85,971	146,975	-	85,033	-	317,979
Special Assessments	185	-	-	-	-	185
Charges for Services	98,579	13,697	-	-	-	112,276
Fines, Licenses and Permits	29,122	-	-	-	-	29,122
Earnings on Investments	2,099	619	-	36	36	2,790
Miscellaneous	18,929	39,579	-	3,463	-	61,971
<i>Total Cash Receipts</i>	<u>1,163,649</u>	<u>303,849</u>	<u>-</u>	<u>88,532</u>	<u>36</u>	<u>1,556,066</u>
Cash Disbursements						
Current:						
Security of Persons and Property	603,634	-	-	-	-	603,634
Public Health Services	7,433	41,338	-	-	-	48,771
Leisure Time Activities	23,497	10,000	-	-	-	33,497
Transportation	11,044	195,855	-	-	-	206,899
General Government	253,208	4,849	-	-	-	258,057
Intergovernmental	250	204	-	-	-	454
Capital Outlay	-	-	-	125,710	-	125,710
Debt Service:						
Principal Retirement	15,078	9,576	37,223	-	-	61,877
Interest & Fiscal Charges	490	389	6,476	-	-	7,355
<i>Total Cash Disbursements</i>	<u>914,634</u>	<u>262,211</u>	<u>43,699</u>	<u>125,710</u>	<u>-</u>	<u>1,346,254</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	249,015	41,638	(43,699)	(37,178)	36	209,812
Other Financing Receipts (Disbursements)						
Transfers In	-	-	43,700	14,393	-	58,093
Transfers Out	(58,093)	-	-	-	-	(58,093)
Advances In	71,611	-	-	37,298	-	108,909
Advances Out	(37,298)	-	-	(71,611)	-	(108,909)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(23,780)</u>	<u>-</u>	<u>43,700</u>	<u>(19,920)</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	225,235	41,638	1	(57,098)	36	209,812
<i>Fund Cash Balances, January 1, Restated</i>	<u>728,941</u>	<u>300,484</u>	<u>14,734</u>	<u>162,066</u>	<u>34,000</u>	<u>1,240,225</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 954,176</u>	<u>\$ 342,122</u>	<u>\$ 14,735</u>	<u>\$ 104,968</u>	<u>\$ 34,036</u>	<u>\$ 1,450,037</u>

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

VILLAGE OF MANTUA
PORTAGE COUNTY

COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Fiduciary Fund Type Custodial</u>
<i>Fund Cash Balances, January 1</i>	\$ 4,347
<i>Fund Cash Balances, December 31</i>	<u>\$ 4,347</u>

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

Village of Mantua
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 - Reporting Entity

The Village of Mantua, Portage County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, cemetery operations, park operations, and police services.

Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Village participates in one jointly governed organization, and two public entity risk pools. Notes 6, 13 and 14 to the financial statements provides additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) for the fiduciary fund type, 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 Fund:

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:

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

Village of Mantua
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies (continued)

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:

Buchert Park Walking Trail Fund The Buchert Park walking trail fund accounts for an ODNR grant project that may consist of up to four phases, each to be in separate years with separate applications.

Capital Projects Fund The capital projects fund accounts for and report monies restricted for general capital projects of the Village.

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

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

Park Trust Fund The park trust fund accounts for and reports accumulated interest restricted for park improvement activities.

Fiduciary Funds Fiduciary funds include custodial funds. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for the Shade Tree Commission and the Village membership in Tree City USA.

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 (C). This basis is similar to the cash receipts and disbursements accounting basis. Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Village of Mantua
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies (continued)

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

Nonspendable The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

Village of Mantua
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 15.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2022 follows:

Fund Type	2022 Budgeted vs. Actual Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	\$ 927,007	\$ 1,235,260	\$ 308,253
Special Revenue	360,390	303,849	56,541
Debt Service	43,700	43,700	-
Capital Projects	98,164	140,223	42,059
Permanent	-	36	36

Village of Mantua
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Budgetary Activity (continued)

2022 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,096,587	\$ 1,017,439	\$ 79,148
Special Revenue	408,151	263,328	144,823
Debt Service	43,700	43,699	1
Capital Projects	202,704	197,321	5,383
Permanent	-	-	-

Note 4 – Deposits

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2022
Demand deposits	\$ 1,420,384
Certificates of deposit	34,000
Total deposits	\$1,454,384

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. The Village is holding \$8,759 in unremitted payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation, collateralized by securities specifically pledged by the financial institution, 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 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Village of Mantua
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – Taxes (continued)

Income Taxes

The Village levies a municipal income tax of 1.5% 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 up to July 1, 2022, and 2% for income earned on or after July 1, 2022. The Village has contracted with Regional Income Tax Agency for processing all Village tax transactions.

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

Note 6 - Risk Management

Workers' Compensation

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.

Risk Pool Membership

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

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

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021 (latest information available).

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021:

Assets	\$21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u>\$ 6,740,056</u>

Village of Mantua
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 - Risk Management (continued)

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include 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, 2022.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2022.

Social Security

One Village employee contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

The employees contributed 6.2% of their gross salary. The Village contributed an amount equal to 6.2% of participants' gross salary. The Village has paid all contributions required through December 31, 2022.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4% during calendar year 2022. OP&F contributes 0.5% to fund these benefits.

Village of Mantua
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 - Postemployment Benefits (continued)

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 9 – Debt

Debt outstanding at December 31, 2022 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Village Hall Note	\$176,242	3.25%
OPWC Loan #CG46V	37,262	0.00%
Ram 5500 Truck Loan	<u>12,270</u>	3.78%
	<u>\$225,774</u>	

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

The Village Service Department took out a loan towards a Ram 5500 service truck in the amount of \$52,594. This loan will be repaid in 2024.

The OPWC Loan #CG46V was issued for the West Prospect St. Roadway and Drainage project and is paid out of levied funds. The amount borrowed from the OPWC was \$45,164.90 and will be paid off in July of 2039.

Amortization

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

<u>Year Ending</u> <u>December 31:</u>	<u>Village Hall</u> <u>Note</u>	<u>OPWC Loan</u> <u>#CG46V</u>	<u>Ram 5500</u> <u>Truck Loan</u>
2023	\$ 43,699	\$ 1,130	\$ 11,579
2024	43,699	2,258	968
2025	43,699	2,258	-
2026	43,699	2,258	-
2027	14,579	2,258	-
2028-2032	-	11,291	-
2033-2037	-	11,291	-
2038-2039	-	<u>4,518</u>	-
	<u>\$ 189,375</u>	<u>\$ 37,262</u>	<u>\$ 12,547</u>

Village of Mantua
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 – Construction and Contractual Commitments

Phase 4 of the Buchert Park Walking Trail Project was approved in 2022 and is scheduled for completion in 2023. The total project cost is \$34,040 and is funded by an ODNR Nature Works grant. The Village has donations to cover the \$10,924 local share. This project is still ongoing.

Note 11 – Transfers

During 2022, a transfer was made from the General Fund to the Village Hall Note Retirement Fund of \$43,700 and to the Capital Projects Fund of \$14,393 to subsidize operations. All transfers were made in accordance with the Ohio Revised Code.

Note 12 – Contingent Liabilities

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome any suit, management believes that the resolution of any matter will not materially adversely affect the Village's financial condition.

Note 13 – Jointly Governed Organizations

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

Note 14 – Public Entity Risk Pool

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

Village of Mantua
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 15 – Fund Balances

Fund balances may include money that the Village 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 facilitate effective cash planning and control. At year end, the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Permanent	Total
Nonspendable:				
Corpus	\$ -	\$ -	\$ 34,000	\$34,000
Outstanding Encumbrances	7,414	1,117	-	8,531
<i>Total</i>	\$7,414	\$ 1,117	\$ 34,000	\$42,531

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 16 – 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 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Note 17 – Prior Period Adjustment

The Village adjusted their fund balance for a check that was issued in 2021 and voided in 2022.

	General Fund	Special Revenue Funds
Fund Cash Balance at December 31, 2021	\$728,463	\$300,470
Adjustment	478	14
Adjusted Cash Balance at January 1, 2022	\$728,941	\$300,484

Beginning balances were adjusted for voided checks and prior period adjustments.

VILLAGE OF MANTUA
PORTAGE COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
Cash Receipts						
Property and Other Local Taxes	\$ 53,852	\$ 102,404	\$ -	\$ -	\$ -	\$ 156,256
Municipal Income Tax	718,846	-	-	-	-	718,846
Intergovernmental	86,638	180,847	-	261,584	-	529,069
Special Assessments	567	-	-	-	-	567
Charges for Services	158,584	12,463	-	23,186	-	194,233
Fines, Licenses and Permits	26,784	-	-	-	-	26,784
Earnings on Investments	2,330	265	-	124	-	2,719
Miscellaneous	11,616	28,735	-	22,626	-	62,977
Total Cash Receipts	1,059,217	324,714	-	307,520	-	1,691,451
Cash Disbursements						
Current:						
Security of Persons and Property	517,060	27,486	-	-	-	544,546
Public Health Services	4,011	49,458	-	-	-	53,469
Leisure Time Activities	47,749	-	-	-	-	47,749
Community Environment	50	-	-	-	-	50
Transportation	82,425	325,995	-	-	-	408,420
General Government	204,510	1,540	-	-	-	206,050
Capital Outlay	-	-	-	277,587	-	277,587
Debt Service:						
Principal Retirement	17,091	6,530	36,018	-	-	59,639
Interest & Fiscal Charges	1,203	564	7,681	-	-	9,448
Total Cash Disbursements	874,099	411,573	43,699	277,587	-	1,606,958
Excess of Receipts Over (Under) Disbursements	185,118	(86,859)	(43,699)	29,933	-	84,493
Other Financing Receipts (Disbursements)						
Transfers In	-	-	43,700	10,000	-	53,700
Transfers Out	(53,700)	-	-	-	-	(53,700)
Advances In	-	-	-	21,393	-	21,393
Advances Out	(21,393)	-	-	-	-	(21,393)
Total Other Financing Receipts (Disbursements)	(75,093)	-	43,700	31,393	-	-
Net Change in Fund Cash Balances	110,025	(86,859)	1	61,326	-	84,493
Fund Cash Balances, January 1	618,438	387,329	14,733	100,740	34,000	1,155,240
Fund Cash Balances, December 31	\$ 728,463	\$ 300,470	\$ 14,734	\$ 162,066	\$ 34,000	\$ 1,239,733

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

**VILLAGE OF MANTUA
PORTAGE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Proprietary Fund Types Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$ 1,619
<i>Total Operating Cash Receipts</i>	1,619
Operating Cash Disbursements	
Personal Services	633
Contractual Services	107
Other	335,280
<i>Total Operating Cash Disbursements</i>	336,020
<i>Operating Income (Loss)</i>	(334,401)
Non-Operating Receipts (Disbursements)	
Special Assessments	391
<i>Total Non-Operating Receipts (Disbursements)</i>	391
<i>Net Change in Fund Cash Balance</i>	(334,010)
<i>Fund Cash Balances, January 1, Restated</i>	334,010
<i>Fund Cash Balances, December 31</i>	\$ -

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

VILLAGE OF MANTUA
PORTAGE COUNTY

COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Fiduciary Fund Type Custodial</u>
<i>Fund Cash Balances, January 1</i>	\$ 4,347
<i>Fund Cash Balances, December 31</i>	<u>\$ 4,347</u>

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

Village of Mantua
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 - Reporting Entity

The Village of Mantua, Portage County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, cemetery operations, park operations, and police services.

Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Village participates in one jointly governed organization, and two public entity risk pools. Notes 6, 13 and 14 to the financial statements provides additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

Road and Bridge Levy Fund The road and bridge levy fund accounts for and reports receipts of property tax money and grants for the purpose of providing road and bridge services to the citizens of the Village.

Village of Mantua
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

West Prospect Street Fund The west prospect street fund accounts for and reports grants received for the purpose of providing capital improvements to West Prospect Street.

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

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

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

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Fund:

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

Fiduciary Funds Fiduciary funds include custodial funds. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial funds account for the Shade Tree Commission and the Village membership in Tree City USA.

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 (C). This basis is similar to the cash receipts and disbursements accounting basis. Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

Village of Mantua
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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 object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2021 budgetary activity appears in Note 3.

Deposits and Investments

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

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 Mantua
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 15.

Village of Mantua
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 997,762	\$ 1,059,217	\$ 61,455
Special Revenue	425,026	324,714	(100,312)
Debt Service	43,700	43,700	-
Capital Projects	523,477	338,913	(184,564)
Enterprise	9,210	2,010	(7,200)

2021 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,116,469	\$ 971,846	\$ 144,623
Special Revenue	527,655	429,798	97,857
Debt Service	43,700	43,699	1
Capital Projects	466,048	277,587	118,461
Enterprise	336,020	336,020	-

Note 4 – Deposits and Investments

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2021
Demand deposits	\$1,210,080
Certificates of deposit	34,000
Total deposits	1,244,080

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Village is holding \$15,115 in unremitted payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation, collateralized by securities specifically pledged by the financial institution, 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.

Village of Mantua
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Income Taxes

The Village levies a municipal income tax of 1.5% 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. The Village has contracted with Regional Income Tax Agency for processing all Village tax transactions.

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

Note 6 - Risk Management

Workers' Compensation

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.

Risk Pool Membership

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

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

Village of Mantua
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 - Risk Management (continued)

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021:

Assets	\$ 21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u>\$ 6,740,056</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include 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, 2021.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2021.

Village of Mantua
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 7 - Defined Benefit Pension Plans (continued)

Social Security

One Village employee contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

The employee contributed 6.2% of their gross salary. The Village contributed an amount equal to 6.2% of participants' gross salary. The Village has paid all contributions required through December 31, 2021.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0% 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. OP&F contributes 0.5% to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2021 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Village Hall Note	\$213,465	3.25%
OPWC Loan #CG46V	40,648	0.00%
Ram 5500 Truck Loan	23,154	3.78%
Chevy Tahoe Police Cruiser Loan	<u>10,384</u>	3.84%
	\$287,651	

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

The Village has two vehicle loans from Middlefield Bank that were issued in 2019. The Service Department took out a loan towards a Ram 5500 service truck in the amount of \$52,594. This loan will be repaid in 2024. The Police Department purchased a Chevy Tahoe and borrowed \$35,868.70. This will be paid off in 2022.

Village of Mantua
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Debt (continued)

There is an Ohio Public Works Commission (OPWC) loan. OPWC Loan CG46V is the West Prospect St. Roadway and Drainage project and is paid out of levied funds. The amount borrowed from the OPWC was \$45,164.90 and will be paid off in July of 2039. The two other OPWC loans that were outstanding as of December 31, 2020 were assumed by Portage County once they assumed control of the water and sanitary sewer system plant. These loans were OPWC CG36D for \$30,000 and CG33S for \$21,401.

There were two Ohio Water Development Authority (OWDA) loans. Loan # 3413 relates to a sewer plant construction project, and Loan # 3945 was for the Franklin-Waterline loop. Both debt amounts were assumed by Portage County when they assumed control of the water and sanitary sewer system plant.

Lease

The Village also financed a lease through Tax-Exempt Leasing, Inc. for the water meter replacement program in the amount of \$183,892. This debt was assumed by Portage County as part of the water and sanitary sewer system plant sale.

Amortization

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

Year Ending December 31:	Village Hall Note	OPWC Loan #CG46V	Ram 5500 Truck Loan	Police Cruiser Loan
2022	\$ 43,699	\$ 2,258	\$ 11,579	\$ 10,566
2023	43,699	2,258	11,579	-
2024	43,699	2,258	973	-
2025	43,699	2,258	-	-
2026	43,699	2,258	-	-
2027-2031	14,576	11,291	-	-
2032-2036	-	11,291	-	-
2037-2039	-	6,776	-	-
	<u>\$ 233,071</u>	<u>\$ 40,648</u>	<u>\$ 24,131</u>	<u>\$ 10,566</u>

Note 10 – Construction and Contractual Commitments

Phase 2 of the Buchert Park Walking Trail Project was approved in 2019 and is scheduled for completion in 2022. The total project cost is \$45,750 and is funded by a 75/25 ODNR Nature Works grant. The Village has donations to cover the \$11,437.50 local share. This project is still ongoing.

The Village was awarded an Ohio Small Government Capital Improvement Program grant by the Ohio Public Works Commission for the West Prospect St. Phase 2 for a total project cost of \$537,000. The grant award is \$337,000, and a loan is available up to \$50,000. The Village will provide the local share of \$150,000 from levied monies.

Village of Mantua
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – Transfers

During 2021, a transfer was made from the General Fund to the Village Hall Note Retirement Fund of \$43,700 and to the Capital Projects Fund of \$10,000 to subsidize operations. All transfers were made in accordance with the Ohio Revised Code.

Note 12 – Contingent Liabilities

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome any suit, management believes that the resolution of any matter will not materially adversely affect the Village's financial condition.

Note 13 – Jointly Governed Organizations

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

Note 14 – Public Entity Risk Pool

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

Note 15 – Fund Balances

Fund balances may include money that the Village 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 facilitate effective cash planning and control. At year end, the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Permanent	Total
Nonspendable:				
Corpus	\$ -	\$ -	\$ 34,000	\$ 34,000
Outstanding Encumbrances	<u>22,654</u>	<u>18,225</u>	<u>-</u>	<u>40,879</u>
<i>Total</i>	<u>\$22,654</u>	<u>\$18,225</u>	<u>\$ 34,000</u>	<u>\$74,879</u>

Village of Mantua
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 15 – Fund Balances (continued)

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 16 – 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 Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 17 – Advances

There were two outstanding advances at December 31, 2021. \$12,919.50 was an outstanding advance from 2020 from the General Fund to the Buchert Park Walking Trail Fund. In 2021, the General Fund advanced \$21,393 to the Buchert Park Walking Trail Fund. The project is still in progress and is expected to be completed in 2022.

Note 18 – Prior Period Adjustment

The Village adjusted their fund balance for a check that was issued in 2020 and voided in 2021.

	<u>Enterprise Funds</u>
Fund Cash Balance at December 31, 2020	\$326,810
Voided check	<u>7,200</u>
Adjusted Cash Balance at January 1, 2021	<u>\$334,010</u>

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

Village of Mantua
Portage County
4650 W. High Street
PO Box 775
Mantua, Ohio 44255

To the Village Council:

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 by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and fiduciary fund type as of and for the year ended December 31, 2022 and each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements of the Village of Mantua, Portage County, (the Village) and have issued our report thereon dated May 19, 2023, wherein we noted that the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 Village.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village'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 Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village'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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2022-001 to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2022-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 19, 2023.

Village's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying corrective action plan. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinions on the responses.

Purpose of this Report

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



Charles E. Harris & Associates, Inc.
May 19, 2023

**VILLAGE OF MANTUA
PORTAGE COUNTY
SCHEDULE OF FINDINGS
December 31, 2022 and 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2022-001 - Material Weakness

During 2022 and 2021, the Village erroneously recorded several transactions. The more significant adjustments are as follows:

- In 2022, due to a misnumbering of the newly created Special Revenue ARPA fund, the Village erroneously recorded a \$53,636 receipt into the misnumbered Special Revenue ARPA fund, and then used a transfer to move the money to the properly numbered Special Revenue fund instead of making an adjustment to the receipt in UAN.
- In 2022, reclassified \$37,176 of Other financing sources and \$82 in Special items to Miscellaneous revenue. In 2021, reclassified \$22,585 of Other financing sources and \$1,005 in Special items to Miscellaneous revenue. In 2022, reclassified \$82 of other financing uses to Security of persons and property.
- In 2021, reclassified \$335,280 of Supplies and Materials and Capital Outlay to Other Expenses for the payments made to Portage County related to the sale of the water and wastewater treatment facility.
- Significant changes were made to the client prepared notes to the financial statements for both 2021 and 2022 including, but not limited to the budgetary and debt sections.

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

Failure to report transactions correctly results in the financial statements not being accurately presented. We recommend that the Fiscal Officer follow the Village Officer's Handbook, the Uniform Accounting Network (UAN) manual and other Auditor of State guidance to properly classify its transactions. In addition, we recommend the Fiscal Officer review all financial reports compiled by UAN to ensure their accuracy.

Management Response:

See corrective action plan.

Finding Number: 2022-002 – Noncompliance

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making a contract or ordering any expenditure of money unless a certificate signed by a fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

**VILLAGE OF MANTUA
PORTAGE COUNTY
SCHEDULE OF FINDINGS (Continued)
December 31, 2022 and 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)
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Finding Number: 2022-002 – Noncompliance (continued)

1. “Then and Now Certificates” – If the fiscal officer can certify that both at the time that contract or order was made (“then”) and at the time that the fiscal officer was completing the certification (“now”), that sufficient funds were available or in the process of collection, to credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for payment of the amount due. The Village has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificates - Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by ordinance or resolution adopted by a majority of members of the legislative authority against any specific line item amount over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificates – The Village may also make expenditures and contracts for any amount for a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most profession services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Village did not make the proper certification of funds for 56% of 2022 disbursements tested.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village’s expenditures exceeding budgetary spending limitations, we recommend that the Village certify expenditures prior to incurring the liability. Also, we recommend the Village only use “then and now” certificates for items under \$3,000 and to have all certificates approved by the Village Council. This will assist in keeping adequate controls over disbursements and encumbrances.

Management Response:

See Corrective Action Plan.

**VILLAGE OF MANTUA
PORTAGE COUNTY, OHIO
Summary Schedule of Prior Audit Findings-Prepared by management
For the Years Ended December 31, 2021 and 2022**

Finding Number	Finding Summary	Status	Additional Information
2020-001	Material Weakness – Improper Posting of Transactions	Not corrected	See Corrective Action Plan

**VILLAGE OF MANTUA
PORTAGE COUNTY, OHIO
Corrective Action Plan-Prepared by management
For the Years Ended December 31, 2021 and 2022**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-001	These errors in transactions were completed by a former fiscal officer and will not be repeated in the future. Corrections have been made moving forward.	Immediately	Maryann Fabian, Fiscal Officer
2022-002	These errors in transactions were completed by a former fiscal officer and will not be repeated in the future. Corrections have been made moving forward.	Immediately	Maryann Fabian, Fiscal Officer

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF MANTUA

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 8/15/2023

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