

VILLAGE OF MANTUA

PORTAGE COUNTY, OHIO

AUDIT REPORT

For the Years Ended December 31, 2016 and 2015





Dave Yost • Auditor of State

Village Council
Village of Mantua
4650 West High Street
Mantua, Ohio 44255

We have reviewed the *Independent Auditor's Report* of the Village of Mantua, Portage County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2015 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

May 31, 2017

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VILLAGE OF MANTUA
PORTAGE COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Mantua, Portage County, (the Village) as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no 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 requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

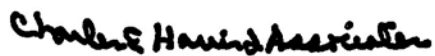
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2016 and 2015, or its changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Mantua, Portage County as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2017, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
March 9, 2017

VILLAGE OF MANTUA
PORTAGE COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
Cash Receipts						
Property and Other Local Taxes	\$ 3,486	\$ 26,052	\$ 42,827	\$ -	\$ -	\$ 72,365
Municipal Income Tax	673,944	-	-	-	-	673,944
Intergovernmental	76,091	142,619	-	129,434	-	348,144
Special Assessments	-	72,575	-	-	-	72,575
Charges for Services	142,656	5,590	-	17,485	-	165,731
Fines, Licenses and Permits	27,099	-	-	-	-	27,099
Earnings on Investments	2,951	749	-	325	-	4,025
Miscellaneous	13,611	20,671	-	123,173	-	157,455
<i>Total Cash Receipts</i>	<u>939,838</u>	<u>268,256</u>	<u>42,827</u>	<u>270,417</u>	<u>-</u>	<u>1,521,338</u>
Cash Disbursements						
Current:						
Security of Persons and Property	501,619	-	-	-	-	501,619
Public Health Services	-	17,008	-	-	-	17,008
Leisure Time Activities	34,004	-	-	-	-	34,004
Community Environment	4,336	-	-	-	-	4,336
Transportation	10,599	165,291	-	-	-	175,890
General Government	197,494	-	-	-	-	197,494
Capital Outlay	-	8,197	-	265,125	-	273,322
Debt Service:						
Principal Retirement	7,725	-	26,000	-	-	33,725
Interest & Fiscal Charges	497	-	16,827	-	-	17,324
<i>Total Cash Disbursements</i>	<u>756,274</u>	<u>190,496</u>	<u>42,827</u>	<u>265,125</u>	<u>-</u>	<u>1,254,722</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	183,564	77,760	-	5,292	-	266,616
Other Financing Receipts (Disbursements)						
Transfers In	-	-	-	13,266	-	13,266
Transfers Out	(73,265)	-	-	-	-	(73,265)
Advances In	-	-	-	75,000	-	75,000
Advances Out	(75,000)	-	-	-	-	(75,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(148,265)</u>	<u>-</u>	<u>-</u>	<u>88,266</u>	<u>-</u>	<u>(59,999)</u>
<i>Net Change in Fund Cash Balances</i>	35,299	77,760	-	93,558	-	206,617
<i>Fund Cash Balances, January 1</i>	<u>283,134</u>	<u>142,708</u>	<u>123</u>	<u>42,786</u>	<u>34,000</u>	<u>502,751</u>
Fund Cash Balances, December 31						
Nonspendable	-	-	-	-	34,000	34,000
Restricted	-	220,468	123	136,344	-	356,935
Assigned	90,917	-	-	-	-	90,917
Unassigned	227,516	-	-	-	-	227,516
<i>Fund Cash Balances, December 31</i>	<u>\$ 318,433</u>	<u>\$ 220,468</u>	<u>\$ 123</u>	<u>\$ 136,344</u>	<u>\$ 34,000</u>	<u>\$ 709,368</u>

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

**VILLAGE OF MANTUA
PORTAGE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Proprietary Fund Types Enterprise</u>	<u>Fiduciary Fund Types Agency</u>	<u>Totals (Memorandum Only)</u>
Operating Cash Receipts			
Charges for Services	\$ 655,063	\$ -	\$ 655,063
Miscellaneous	6,190	-	6,190
<i>Total Operating Cash Receipts</i>	661,253	-	661,253
Operating Cash Disbursements			
Personal Services	104,047	-	104,047
Fringe Benefits	26,608	-	26,608
Contractual Services	122,735	15	122,750
Supplies and Materials	43,040	-	43,040
<i>Total Operating Cash Disbursements</i>	296,430	15	296,445
<i>Operating Income (Loss)</i>	364,823	(15)	364,808
Non-Operating Receipts (Disbursements)			
Intergovernmental Receipts	64,504	-	64,504
Special Assessments	21,461	-	21,461
Capital Outlay	(85,651)	-	(85,651)
Principal Retirement	(426,027)	-	(426,027)
Interest and Other Fiscal Charges	(25,229)	-	(25,229)
Other Financing Sources	23,232	-	23,232
<i>Total Non-Operating Receipts (Disbursements)</i>	(427,710)	-	(427,710)
<i>Income (Loss) before Transfers</i>	(62,887)	(15)	(62,902)
Transfers In	488,039	-	488,039
Transfers Out	(428,039)	-	(428,039)
<i>Net Change in Fund Cash Balance</i>	(2,887)	(15)	(2,902)
<i>Fund Cash Balances, January 1</i>	58,155	4,562	62,717
<i>Fund Cash Balances, December 31</i>	<u>\$ 55,268</u>	<u>\$ 4,547</u>	<u>\$ 59,815</u>

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

VILLAGE OF MANTUA
PORTAGE COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
Cash Receipts						
Property and Other Local Taxes	\$ 6,130	\$ 26,035	\$ 42,897	\$ -	\$ -	\$ 75,062
Municipal Income Tax	601,776	-	-	-	-	601,776
Intergovernmental	69,235	148,939	-	-	-	218,174
Special Assessments	-	73,568	-	-	-	73,568
Charges for Services	115,803	7,065	-	9,448	-	132,316
Fines, Licenses and Permits	25,492	-	-	-	-	25,492
Earnings on Investments	1,714	364	-	32	166	2,276
Miscellaneous	18,593	9,266	-	5,260	-	33,119
<i>Total Cash Receipts</i>	<u>838,743</u>	<u>265,237</u>	<u>42,897</u>	<u>14,740</u>	<u>166</u>	<u>1,161,783</u>
Cash Disbursements						
Current:						
Security of Persons and Property	481,956	230	-	-	-	482,186
Public Health Services	-	19,245	-	-	-	19,245
Leisure Time Activities	34,157	-	-	-	-	34,157
Community Environment	5,952	-	-	-	-	5,952
Transportation	14,280	239,623	-	1	-	253,904
General Government	203,069	-	-	-	-	203,069
Capital Outlay	-	-	-	32,340	-	32,340
Debt Service:						
Principal Retirement	7,523	-	25,000	-	-	32,523
Interest & Fiscal Charges	699	-	17,897	-	-	18,596
<i>Total Cash Disbursements</i>	<u>747,636</u>	<u>259,098</u>	<u>42,897</u>	<u>32,341</u>	<u>-</u>	<u>1,081,972</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	91,107	6,139	-	(17,601)	166	79,811
Other Financing Receipts (Disbursements)						
Transfers In	-	-	-	12,000	-	12,000
Transfers Out	(37,000)	-	-	-	-	(37,000)
Other Financing Sources	-	883	-	-	-	883
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(37,000)</u>	<u>883</u>	<u>-</u>	<u>12,000</u>	<u>-</u>	<u>(24,117)</u>
<i>Net Change in Fund Cash Balances</i>	54,107	7,022	-	(5,601)	166	55,694
<i>Fund Cash Balances, January 1</i>	<u>229,027</u>	<u>135,686</u>	<u>123</u>	<u>48,387</u>	<u>33,834</u>	<u>447,057</u>
Fund Cash Balances, December 31						
Nonspendable	-	-	-	-	34,000	34,000
Restricted	-	142,708	123	42,786	-	185,617
Assigned	8,248	-	-	-	-	8,248
Unassigned	274,886	-	-	-	-	274,886
<i>Fund Cash Balances, December 31</i>	<u>\$ 283,134</u>	<u>\$ 142,708</u>	<u>\$ 123</u>	<u>\$ 42,786</u>	<u>\$ 34,000</u>	<u>\$ 502,751</u>

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

**VILLAGE OF MANTUA
PORTAGE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Proprietary Fund Types</u> <u>Enterprise</u>	<u>Fiduciary Fund Types</u> <u>Agency</u>	<u>Totals (Memorandum Only)</u>
Operating Cash Receipts			
Charges for Services	\$ 649,750	\$ -	\$ 649,750
Miscellaneous	7,323	-	7,323
<i>Total Operating Cash Receipts</i>	657,073	-	657,073
Operating Cash Disbursements			
Personal Services	86,408	-	86,408
Fringe Benefits	24,668	-	24,668
Contractual Services	133,984	15	133,999
Supplies and Materials	49,505	-	49,505
<i>Total Operating Cash Disbursements</i>	294,565	15	294,580
<i>Operating Income (Loss)</i>	362,508	(15)	362,493
Non-Operating Receipts (Disbursements)			
Intergovernmental Receipts	101,676	-	101,676
Special Assessments	21,930	-	21,930
Capital Outlay	(115,658)	(35)	(115,693)
Principal Retirement	(421,486)	-	(421,486)
Interest and Other Fiscal Charges	(29,770)	-	(29,770)
Other Financing Sources	27,380	-	27,380
<i>Total Non-Operating Receipts (Disbursements)</i>	(415,928)	(35)	(415,963)
<i>Income (Loss) before Transfers</i>	(53,420)	(50)	(53,470)
Transfers In	453,039	-	453,039
Transfers Out	(428,039)	-	(428,039)
<i>Net Change in Fund Cash Balance</i>	(28,420)	(50)	(28,470)
<i>Fund Cash Balances, January 1</i>	86,575	4,612	91,187
<i>Fund Cash Balances, December 31</i>	<u>\$ 58,155</u>	<u>\$ 4,562</u>	<u>\$ 62,717</u>

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

Village of Mantua, Ohio
Portage County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Mantua, Portage County, (the Village) as a body corporate and politic. A publicly-elected six member Council directs the Village. The Village provides general governmental services such as water and sewer utilities, park operations, and police services.

The Village participates in one jointly governed organizations and one public entity risk pool. These organizations are:

Jointly Governed Organization and Public Entity Risk Pool

The Village participates in one jointly governed organization. Note 12 to the financial statements provides additional information about this entity. The Village is a member of the Mantua-Shalersville Fire District, which provides fire protection and EMS services to Village residents.

The Village belongs to the Ohio Plan Risk Management, Inc . (The “Plan”), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program. Note 8 to the financial statement provides additional information about this entity.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Street Construction, Maintenance and Repair Fund This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Village of Mantua, Ohio
Portage County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

General Obligation Bond Retirement Fund This fund is used to account for all general obligation bond retirement, including bond principal, interest and related costs.

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

High St. Waterline & Pavement Improvement Fund This fund is for an OPWC grant project for the Hight Street Waterline and Pavement.

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

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting the Village's programs (for the benefit of the government 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. These earnings are used for the general maintenance and upkeep of the Village's cemetery.

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

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

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

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

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

Village of Mantua, Ohio
Portage County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 2 - Summary of Significant Accounting Policies (continued)

Sewer Debt Service Fund This fund receives monthly transfers from the Sewer Operating Fund to meet the Debt Service requirements related to sewer operations.

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

Agency funds 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 governments. The Village's agency fund account for the Shade Tree Commission.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

The Ohio Revised Code requires that each fund 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 reappropriated.

A summary of 2016 and 2015 budgetary activity appears in Note 4.

Village of Mantua, Ohio
Portage County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 2 - Summary of Significant Accounting Policies (continued)

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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

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

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

Village of Mantua, Ohio
Portage County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 2 - Summary of Significant Accounting Policies (continued)

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

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$908,248	\$927,700	(\$19,452)
Special Revenue	291,335	259,068	32,267
Debt Service	42,827	42,827	0
Capital Projects	906,000	823,224	82,776
Enterprise	1,368,816	1,285,661	83,155
Total	<u>\$3,517,226</u>	<u>\$3,338,480</u>	<u>\$178,746</u>

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$798,000	\$939,838	\$141,838
Special Revenue	267,372	268,256	884
Debt Service	42,897	42,827	(70)
Capital Projects	894,118	358,683	(535,435)
Enterprise	1,394,555	1,258,489	(136,066)
Total	<u>\$3,396,942</u>	<u>\$2,868,093</u>	<u>(\$528,849)</u>

Village of Mantua, Ohio
Portage County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 3 - Budgetary Activity (continued)

2015 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$817,053	\$792,884	\$24,169
Special Revenue	313,818	274,332	39,486
Debt Service	42,897	42,897	0
Capital Projects	34,635	32,341	2,294
Enterprise	1,331,899	1,296,223	35,676
Total	\$2,540,302	\$2,438,677	\$101,625

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$765,899	\$838,743	\$72,844
Special Revenue	256,696	266,120	9,424
Debt Service	42,897	42,897	0
Capital Projects	27,094	26,740	(354)
Enterprise	1,194,356	1,261,098	66,742
Total	\$2,286,942	\$2,435,598	\$148,656

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:

	2016	2015
Demand deposits	\$735,183	\$531,468
Certificates of deposit	34,000	34,000
Total deposits and investments	\$769,183	\$565,468

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Village of Mantua, Ohio
Portage County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 5 – Taxes

Property Taxes

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

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

Income Taxes

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

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

Note 6 – Interfund Balances

Advances

Outstanding advances at December 31, 2016, consisted of \$75,000 advanced to the Capital Project fund from the General Fund to provide funds for the Headwaters Trail Mill Street Connector Project.

Note 7 - Risk Management

Risk Pool Membership

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

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

Village of Mantua, Ohio
Portage County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 7 - Risk Management (continued)

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 and 783 members as of December 31, 2015 and 2014, respectively.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015 and 2014 (the latest information available).

	<u>2015</u>	<u>2014</u>
Assets	\$14,643,667	\$14,830,185
Liabilities	<u>(9,112,030)</u>	<u>(8,942,504)</u>
Members' Equity	<u>\$5,531,637</u>	<u>\$5,887,681</u>

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

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, 2016.

Village of Mantua, Ohio
Portage County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 8 - Defined Benefit Pension Plans (continued)

Ohio Police and Fire Retirement System

The Village's only full-time Police Officer 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 11.5% of their wage through June 30, 2015, and 12.25% of their wage from July 1, 2015 through December 31, 2016. 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, 2016.

Social Security

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

The employee contributed 6.2 percent of their gross salary. The Village contributed an amount equal to 6.2 percent of participants' gross salary. The Village has paid all contributions required through December 31, 2016.

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.

Note 10 – Debt

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$364,000	0.68% to 3.03%
Police Car Loans	14,696	4.25 to 4.4%
Ohio Water Development Authority Loan	2,132,979	0%
Ohio Public Works Commission Loans	69,250	2.60%
Total	<u>\$2,580,925</u>	

There are three Ohio Water Development Authority (OWDA) loans which relate to water plant construction, Mill Street water project, waste-water treatment plant expansion project, waste-water treatment plant improvements and Waterline Loops and reservoir Pump Station that were mandated by the Ohio Environmental Protection Agency. The OWDA approved a total of \$8,331,731 in loans to the Village for these projects. The Village will repay the plant construction loan in annual payment totaling \$91,348 each year, including interest, over 5 years. The Village will repay the waste-water treatment

Village of Mantua, Ohio
Portage County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 10 – Debt (continued)

plant expansion project loan in annual payments totaling \$306,669 each year, including interest, over 10 years. The Village will repay the Waterline Loops and reservoir Pump Station loan in annual payments totaling \$36,490 each year, including interest, over 12 years. The OWDA will adjust scheduled payment to reflect any revisions in amounts the Village actually borrows. Water and sewer receipts collateralize the loans. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

There are two General Obligation Bonds which are collateralized by the Village’s taxing authority. The General Obligation Bonds have been used to refurbish the new administration building.

There are two Ohio Public Works Commission Loans (OPWC) related to the projects on the water treatment plant and waste-water treatment plant expansion projects. The OPWC approved a total of \$335,000 in loans for these projects which are collateralized by the Village’s water and sewer receipts.

Amortization

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

Year ending December 31:	OWDA Loans	General Obligation Bonds	OPWC Loans	Police Cruiser Loans
2017	\$431,215	\$43,715	\$16,750	\$8,222
2018	343,157	43,516	7,500	6,851
2019	343,157	42,274	7,500	
2020	343,157	42,032	7,500	
2021	343,157	42,749	7,500	
2022-2026	397,889	155,053	22,500	
2027-2031		64,588		
2032-2035		51,148		
Total	\$2,201,732	\$485,075	\$69,250	\$15,073

Note 11 – Jointly Governed Organization

Mantua-Shalersville Fire District:

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

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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Mantua, Portage County (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated March 9, 2017, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2016-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

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

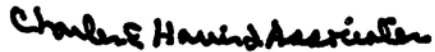
We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated March 9, 2017.

Entity's Response to Finding

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

Purpose of this Report

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



Charles E. Harris and Associates, Inc.
March 9, 2017

**VILLAGE OF MANTUA
PORTAGE COUNTY
SCHEDULE OF FINDINGS
December 31, 2016 and 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2016-001 - Material Weakness

During 2016 and 2015, the Village erroneously recorded several transactions. The more significant adjustments are as follows:

- Recorded various refunds, rebates and reimbursements as other financing sources instead of miscellaneous revenues
- Did not record the proceeds of a loan and the capital outlay related to the loan thus, understating receipts and disbursements
- Did not account for encumbrances as assigned in the General Fund.

Adjustments were made in the financial statements and Village records.

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

We recommend that the Village refer to the Village Officer's Handbook and UAN accounting system to properly classify its transactions. We also recommend the Fiscal Officer review all reports compiled to ensure their accuracy.

Management Response:

See corrective action plan.

**VILLAGE OF MANTUA
PORTAGE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2016 and 2015**

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2014-001	Material Weakness – Improper Posting of Transactions	No	Not corrected, repeated as Finding 2016-001
2014-002	Non-compliance-Contrary to Ohio Revised Code Section 5705.41(D), the Village incurred obligations prior to certification of funds.	Yes	Controls over purchase orders increased

VILLAGE OF MANTUA
PORTAGE COUNTY

CORRECTIVE ACTION PLAN
DECEMBER 31, 2016 AND 2015

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2016-001	The Fiscal Officer will continue to look in the Village Officers Handbook when creating new accounting codes. If it is unclear as to which code to use, the Fiscal Officer will contact the Audit firm and inquire which code they would recommend.	Immediately	Jenny August, Clerk-Treasurer



Dave Yost • Auditor of State

VILLAGE OF MANTUA

PORTAGE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 13, 2017