



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF MOGADORE
SUMMIT COUNTY
DECEMBER 31, 2023 AND 2022**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types FYE 12/31/23	5
Combined Statement of Additions, Deductions, and Changes in Fund Balances (Cash Basis) – Fiduciary Fund Type FYE 12/31/23	6
Notes to the Financial Statements FYE 12/31/23.....	7
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types FYE 12/31/22	17
Combined Statement of Additions, Deductions, and Changes in Fund Balances (Cash Basis) – Fiduciary Fund Types FYE 12/31/22	18
Notes to the Financial Statements FYE 12/31/21.....	19
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	29
Schedule of Findings.....	31
Summary Schedule of Prior Audit Findings	39

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER

65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT

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

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 Mogadore, Summit County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2023 and 2022, 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 proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2023 and 2022, 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, as of December 31, 2023 and 2022, or the changes in financial position 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.

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 December 10, 2024, 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.



Keith Faber
Auditor of State
Columbus, Ohio

December 10, 2024

This page intentionally left blank.

Village of Mogadore, Ohio
Summit County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2023

	General	Special Revenue	Debt Service	Capital Projects	Combined Total
Cash Receipts					
Property and Other Local Taxes	\$158,186	\$353,514	\$0	\$0	\$511,700
Municipal Income Tax	3,465,613	0	0	852,765	4,318,378
Intergovernmental	193,080	432,327	0	1,075,175	1,700,582
Special Assessments	2,048	0	0	0	2,048
Charges for Services	1,800	154,666	0	0	156,466
Fines, Licenses and Permits	104,898	885	0	0	105,783
Miscellaneous	17,848	19,154	0	0	37,002
<i>Total Cash Receipts</i>	<u>3,943,473</u>	<u>960,546</u>	<u>0</u>	<u>1,927,940</u>	<u>6,831,959</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,325,561	1,077,254	0	0	2,402,815
Public Health Services	0	20,742	0	0	20,742
Leisure Time Activities	0	170,387	0	0	170,387
Community Environment	8,000	0	0	0	8,000
Basic Utility Services	8,465	0	0	0	8,465
Transportation	0	508,094	0	0	508,094
General Government	590,549	115	0	14,628	605,292
Capital Outlay	167,957	577,515	0	2,473,962	3,219,434
Debt Service:					
Principal Retirement	0	0	102,806	53,308	156,114
Interest and Fiscal Charges	0	0	12,381	9,880	22,261
<i>Total Cash Disbursements</i>	<u>2,100,532</u>	<u>2,354,107</u>	<u>115,187</u>	<u>2,551,778</u>	<u>7,121,604</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,842,941</u>	<u>(1,393,561)</u>	<u>(115,187)</u>	<u>(623,838)</u>	<u>(289,645)</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	11,771	0	0	0	11,771
Transfers In	0	1,497,817	115,275	163,250	1,776,342
Transfers Out	(1,776,342)	0	0	0	(1,776,342)
Advances In	0	142,000	0	58,650	200,650
Advances Out	(200,650)	0	0	0	(200,650)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,965,221)</u>	<u>1,639,817</u>	<u>115,275</u>	<u>221,900</u>	<u>11,771</u>
<i>Net Change in Fund Cash Balances</i>	<u>(122,280)</u>	<u>246,256</u>	<u>88</u>	<u>(401,938)</u>	<u>(277,874)</u>
<i>Fund Cash Balances, January 1</i>	<u>2,294,149</u>	<u>628,052</u>	<u>243</u>	<u>1,182,482</u>	<u>4,104,926</u>
<i>Fund Cash Balances, December 31</i>	<u>\$2,171,869</u>	<u>\$874,308</u>	<u>\$331</u>	<u>\$780,544</u>	<u>\$3,827,052</u>

See accompanying notes to the basic financial statements

Village of Mogadore, Ohio
Summit County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2023

	Fiduciary Fund Type
	<u>Custodial</u>
Additions	
Fines, Licenses and Permits for Distribution	\$30,817
Deposits Received	<u>10,000</u>
<i>Total Additions</i>	<u>40,817</u>
Deductions	
Distributions to Other Governments	4,437
Distributions to Other Funds (Primary Gov't)	<u>21,112</u>
<i>Total Deductions</i>	<u>25,549</u>
<i>Net Change in Fund Balances</i>	15,268
<i>Fund Cash Balances, January 1</i>	<u>74,923</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$90,191</u></u>
<i>See accompanying notes to the basic financial statements</i>	

Village of Mogadore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The Village of Mogadore (the Village), Summit County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services including park operations, police services, and fire and emergency medical services to the residents of the Village.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fire Fund The fire fund accounts for and reports the operations of the Village's Fire Department.

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

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

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

Village of Mogadore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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

Sunrise West Pearl OPWC Fund This fund accounts OPWC grant monies received which are used for the repairs and maintenance to Sunrise and West Pearl streets withing the Village.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

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 Mayor's court and Street Deposit Trust fund activities.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

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. The Village 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.

Budgetary Process

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

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

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

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

Village of Mogadore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

A summary of 2023 budgetary activity appears in Note 4.

Deposits and Investments

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

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.

Leases

The Village is the lessee in various leases (as defined by GASB 87) related to vehicles. Lease revenue/disbursements are recognized when they are received/paid.

Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2023, distributions of \$3,704 are reflected as miscellaneous revenue in the Opioid Settlement Special Revenue Fund in the accompanying financial statements.

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 (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.

Village of Mogadore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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 12.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Debt Fund by \$49,987 for the year ended December 31, 2023.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,581,560	\$3,955,244	\$373,684
Special Revenue	3,065,221	2,600,363	(464,858)
Debt Service	65,725	115,275	49,550
Capital Projects	4,156,374	2,149,840	(2,006,534)
Total	<u>\$10,868,880</u>	<u>\$8,820,722</u>	<u>(\$2,048,158)</u>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,623,696	\$4,257,720	\$365,976
Special Revenue	3,110,092	2,576,133	533,959
Debt Service	65,200	115,187	(49,987)
Capital Projects	3,534,295	2,892,720	641,575
Total	<u>\$11,333,283</u>	<u>\$9,841,760</u>	<u>\$1,491,523</u>

Village of Mogadore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 5 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	<u>2023</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$3,917,243

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, 2023, the village is holding \$19,865 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

At December 31, 2023, \$986,652 of deposits were not insured or collateralized because the Village's financial institution was approved for a reduced collateral floor of 50 percent.

Note 6 – Taxes

Property Taxes

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

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

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

Income Taxes

The Village levies a municipal income tax of 2.5 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.

Village of Mogadore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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

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

Note 7 – Interfund Balances

Outstanding advances on December 31, 2023, consisted of \$200,650 advanced from the General Fund to the following funds to cover expenses until grant funds are received at which time the General Fund will be reimbursed:

SAFER Grant Fund	\$ 92,000
Community Development Block Grant Fund	58,650
Safety Intervention Grant Fund	40,000
Park & Recreation Fund	<u>10,000</u>
	\$200,650

There is also a \$50,000 advance from the general fund to the SAFER Grant fund from 2022 that has not been repaid.

Note 8 – Risk Management

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

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

Note 9 – 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Village of Mogadore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Ohio Police and Fire Retirement System

Some Village certified Fire Fighters and full-time Police Officers 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages and 24 percent of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2023.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Note 10 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Note 11 – Debt

Debt outstanding at December 31, 2023, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Various Purpose Improvement Notes, Series 2018	\$240,000	3.75%
Huntington Public Capital Corp Fire Truck Lease Purchase	<u>\$406,830</u>	2.61%
Total	<u><u>\$646,830</u></u>	

Village of Mogadore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Various Purpose Improvement Notes, Series 2018, were issued March 8, 2018 in the amount of \$480,000. The note matures December 1, 2027, at an interest rate of 3.75%. The note was issued in anticipation of the issuance of bonds to pay costs of constructing, furnishing, equipping, and otherwise improving a police station and its site and to pay costs of acquiring an ambulance.

Leases

On December 16, 2020, the Village entered into a non-renewal and non-appropriation of funds lease for a fire engine. Should the Village not renew the lease term of the lease or if sufficient funds are not appropriated or otherwise available, the lease terminates. Upon completion of all lease payments, the Village owns the vehicle. Annual lease payments are \$63,247 for ten years to begin on December 1, 2021. Total payments will be \$632,472.

Amortization

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

Year Ending December 31:	Fire Truck Lease	Improvement Notes
2024	\$63,247	\$66,000
2025	63,247	65,863
2026	63,247	65,650
2027	63,247	65,363
2028	63,247	0
2029-2030	126,495	0
Total	<u>\$442,730</u>	<u>\$262,876</u>

Note 12 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. 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:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Nonspendable:				
Unclaimed Monies	\$23,830			\$23,830
Outstanding Encumbrances	\$180,196	\$222,026	\$340,942	\$743,164
<i>Total</i>	<u>\$204,026</u>	<u>\$222,026</u>	<u>\$340,942</u>	<u>\$766,994</u>

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. These restricted, committed and assigned amounts in the special revenue, debt service and capital projects would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Village of Mogadore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 13 – 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 ended in April 2023. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

Note 14 – Contingent Liabilities

The Village was not part of any lawsuits in 2023.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

This page intentionally left blank.

Village of Mogadore, Ohio
Summit County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	General	Special Revenue	Debt Service	Capital Projects	Combined Total
Cash Receipts					
Property and Other Local Taxes	\$164,318	\$26,827	\$0	\$0	\$191,145
Municipal Income Tax	3,567,449	0	0	873,281	4,440,730
Intergovernmental	178,658	487,274	0	1,357,068	2,023,000
Special Assessments	27,252	0	0	0	27,252
Charges for Services	520	171,005	0	0	171,525
Fines, Licenses and Permits	61,956	1,112	0	0	63,068
Miscellaneous	95,176	69,985	0	0	165,161
<i>Total Cash Receipts</i>	<u>4,095,329</u>	<u>756,203</u>	<u>0</u>	<u>2,230,349</u>	<u>7,081,881</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,879,352	179,442	0	0	2,058,794
Public Health Services	0	25,945	0	0	25,945
Leisure Time Activities	0	155,652	0	0	155,652
Community Environment	3,848	0	0	0	3,848
Basic Utility Services	28,167	0	0	0	28,167
Transportation	0	552,766	0	0	552,766
General Government	642,233	4,496	0	29,761	676,490
Capital Outlay	274,856	220,920	0	2,561,031	3,056,807
Debt Service:					
Principal Retirement	0	0	99,328	52,181	151,509
Interest and Fiscal Charges	0	0	15,809	11,007	26,816
<i>Total Cash Disbursements</i>	<u>2,828,456</u>	<u>1,139,221</u>	<u>115,137</u>	<u>2,653,980</u>	<u>6,736,794</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,266,873</u>	<u>(383,018)</u>	<u>(115,137)</u>	<u>(423,631)</u>	<u>345,087</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	15,926	0	0	0	15,926
Transfers In	0	441,000	165,000	0	606,000
Transfers Out	(606,000)	0	0	0	(606,000)
Advances In	0	50,000	0	0	50,000
Advances Out	(50,000)	0	0	0	(50,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(640,074)</u>	<u>491,000</u>	<u>165,000</u>	<u>0</u>	<u>15,926</u>
<i>Net Change in Fund Cash Balances</i>	<u>626,799</u>	<u>107,982</u>	<u>49,863</u>	<u>(423,631)</u>	<u>361,013</u>
<i>Fund Cash Balances, January 1</i>	<u>1,667,350</u>	<u>520,070</u>	<u>(49,620)</u>	<u>1,606,113</u>	<u>3,743,913</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,294,149</u></u>	<u><u>\$628,052</u></u>	<u><u>\$243</u></u>	<u><u>\$1,182,482</u></u>	<u><u>\$4,104,926</u></u>

See accompanying notes to the basic financial statements

Village of Mogadore, Ohio
Summit 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

	Fiduciary Fund Type
	<u>Custodial</u>
Additions	
Fines, Licenses and Permits for Distribution	<u>\$34,782</u>
<i>Total Additions</i>	<u>34,782</u>
Deductions	
Distributions to Other Governments	4,809
Distributions to Other Funds (Primary Gov't)	<u>26,199</u>
<i>Total Deductions</i>	<u>31,008</u>
<i>Net Change in Fund Balances</i>	3,774
<i>Fund Cash Balances, January 1</i>	<u>71,149</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$74,923</u></u>
<i>See accompanying notes to the basic financial statements</i>	

Village of Mogadore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Mogadore (the Village), Summit County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government services including park operations, police services, and fire and emergency medical services to the residents of the Village.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Parks and Recreation Fund The parks and recreation fund accounts for rentals and fees collected and for the maintaining of the Village's parks.

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

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

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

Village of Mogadore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

Herbert St. and Fenton OPWC Fund The Herbert St. and Fenton OPWC fund accounts for OPWC monies received for the maintenance and repairs to Herbert and Fenton streets within the Village.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

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 Mayor's court and Street Deposit Trust Fund activities.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

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. The Village 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.

Budgetary Process

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

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

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

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

Village of Mogadore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

A summary of 2022 budgetary activity appears in Note 4.

Deposits and Investments

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

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.

Leases

The Village is the lessee in various leases (as defined by GASB 87) related to vehicles. Lease revenue/disbursements are recognized when they are received/paid.

Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2022, distributions of \$930 are reflected as miscellaneous revenue in the General Fund in the accompanying financial statements.

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.

Village of Mogadore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. 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 13.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Debt Fund by \$49,356 for the year ended December 31, 2022. Also contrary to Ohio law, at December 31, 2022, the Park and Recreation fund had a cash deficit balance of \$310.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

Fund Type	2022 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$3,885,356	\$4,111,255	\$225,899
Special Revenue	1,607,609	1,247,203	(360,406)
Debt Service	165,725	165,000	(725)
Capital Projects	3,902,050	2,230,349	(1,671,701)
Total	<u>\$9,560,740</u>	<u>\$7,753,807</u>	<u>(\$1,806,933)</u>

Village of Mogadore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,163,210	\$3,832,830	\$330,380
Special Revenue	1,731,523	1,553,323	178,200
Debt Service	65,781	115,137	(49,356)
Capital Projects	5,201,846	3,753,106	1,448,740
Total	<u>\$11,162,360</u>	<u>\$9,254,396</u>	<u>\$1,907,964</u>

Note 5 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	<u>2022</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$4,179,849

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, 2022, the village is holding \$46,823 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

At December 31, 2022, \$1,436,895 of deposits were not insured or collateralized because the Village's financial institution was approved for a reduced collateral floor of 50 percent.

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

Village of Mogadore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

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

Income Taxes

The Village levies a municipal income tax of 2.5 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.

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

Note 7 – Interfund Balances

Outstanding advances at December 31, 2022, consisted of \$50,000 advanced from the General Fund to the Safer Grant fund to provide working capital for operations or projects.

Note 8 – Risk Management

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

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

Note 9 – 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Village of Mogadore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Ohio Police and Fire Retirement System

Some Village certified Fire Fighters and full-time Police Officers 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages and 24 percent of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2022.

Social Security

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

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

Note 10 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

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.

Village of Mogadore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 11 – Debt

Debt outstanding at December 31, 2022, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Various Purpose Improvement Notes, Series 2018	\$294,000	3.75%
Huntington Public Capital Corp Dump Truck Lease Purchase	\$48,806	2.95%
Huntington Public Capital Corp Fire Truck Lease Purchase	<u>\$460,137</u>	2.61%
Total	<u><u>\$802,943</u></u>	

Various Purpose Improvement Notes, Series 2018, were issued March 8, 2018 in the amount of \$480,000. The note matures December 1, 2027, at an interest rate of 3.75%. The note was issued in anticipation of the issuance of bonds to pay costs of constructing, furnishing, equipping, and otherwise improving a police station and its site and to pay costs of acquiring an ambulance.

Leases

The Village leases vehicles. In April 22, 2020, the Village entered into a non-renewal and non-appropriation of funds lease for a dump truck. Should the Village not renew the lease term of the lease or if sufficient funds are not appropriated or otherwise available, the lease terminates. Upon completion of all lease payments, the Village owns the vehicle. Annual lease payments are \$50,246 for 3 years to begin on April 1, 2021. Total payments will be \$150,738.

On December 16, 2020, the Village entered into a non-renewal and non-appropriation of funds lease for a fire engine. Should the Village not renew the lease term of the lease or if sufficient funds are not appropriated or otherwise available, the lease terminates. Upon completion of all lease payments, the Village owns the vehicle. Annual lease payments are \$63,247 for ten years to begin on December 1, 2021. Total payments will be \$632,472.

Amortization

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

Year Ending December 31:	Dump Truck Lease	Fire Truck Lease	Improvement Notes
2023	\$50,246	\$63,247	\$65,025
2024	0	63,247	66,000
2025	0	63,247	65,863
2026	0	63,247	65,650
2027	0	63,247	65,363
2028-2030	0	189,742	0
Total	<u><u>\$50,246</u></u>	<u><u>\$505,977</u></u>	<u><u>\$327,901</u></u>

Village of Mogadore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 12 – Contingent Liabilities

The Village was not part of any lawsuits in 2022.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 13 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. 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:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Nonspendable:				
Unclaimed Monies	\$23,830			\$23,830
Outstanding Encumbrances	<u>\$348,374</u>	<u>\$414,102</u>	<u>\$1,099,126</u>	<u>\$1,861,602</u>
<i>Total</i>	<u>\$372,204</u>	<u>\$414,102</u>	<u>\$1,099,126</u>	<u>\$1,885,432</u>

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. These restricted, committed and assigned amounts in the special revenue, debt service, and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 14 – 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 Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines. 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.

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER

65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

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

To the Village Council:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the Village of Mogadore, Summit County, (the Village) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, and have issued our report thereon dated December 10, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

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 purpose of expressing our opinions on 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2023-001 through 2023-005 that we consider to be material weaknesses.

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 matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2023-005.

Village's Response 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 schedule of findings. 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 opinion 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.



Keith Faber
Auditor of State
Columbus, Ohio

December 10, 2024

Village of Mogadore
Summit County

SCHEDULE OF FINDINGS
December 31, 2023 and 2022

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

FINDING NUMBER – 2023-001

Material Weakness

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection. The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and Council is responsible for reviewing the reconciliations and related support. Monthly bank to book reconciliations were performed for each month of 2022 and 2023. However, no evidence of review by Council was provided. In addition, the following weaknesses were identified with the December 2023 bank reconciliation:

- The reconciliation included adjustments for outstanding payroll checks/payments for employer and employee withholdings totaling \$19,866. The Village was unable to provide supporting documentation for \$8,624 of the \$19,866.
- The reconciliation included 22 deposits in transit and other adjustments totaling \$9,327 with dates ranging from April 2, 2019 through September 28, 2023. There were an additional 13 deposits in transit and other adjustments with dates ranging from October 1, 2023 through December 28, 2023.
- The reconciliation included \$1,232 of adjustments labeled expenditures to post.
- The reconciliation included \$492 of adjustments labeled revenues to post.
- The reconciliation included \$15 of unknown adjustments related to the K-9 Donation Fund.

Failure to reconcile monthly increases the possibility that the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Fiscal Officer should record all transactions and prepare accurate monthly bank to book cash reconciliations which include all reconciling items. Variances should be investigated, documented and corrected. In addition, Council should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

Official's Response:

Fiscal Officer or senior staff will perform a review each month of reconciling items and assure that they are corrected prior to the close of each month.

FINDING NUMBER – 2023-002

Material Weakness

Governmental Accounting Standards Board (GASB) Codification 2300.102 explains the notes to the financial statements should communicate information essential for fair presentation of the basic financial statements that is not displayed on the face of the financial statements. As such, the notes form an integral part of the basic financial statements.

The budgetary activity note disclosure included in the Hinkle System filing for the fiscal year ended December 31, 2023 inaccurately reported appropriations as follows:

Opinion Unit	Reported Appropriations	Actual Appropriations	Variance
General Fund	\$4,668,213	\$4,623,696	\$44,517

The budgetary activity note disclosure included in the Hinkle System filing for the fiscal year ended December 31, 2022 inaccurately reported appropriations as follows:

Opinion Unit	Reported Appropriations	Actual Appropriations	Variance
General Fund	\$4,163,210	\$4,434,404	(\$271,194)
Special Revenue	\$1,731,523	\$1,549,623	\$181,900
Debt Service	\$65,781	\$16,150	\$49,631
Capital Projects	\$5,201,846	\$4,414,554	\$787,292
Total	\$11,162,360	\$10,414,731	\$747,629

The debt note disclosure included in the Hinkle System filing for the fiscal year ended December 31, 2022 inaccurately reported outstanding principal as follows:

Debt	Reported Principal	Actual Principal	Variance
Various Purpose Improvement Notes, Series 2018	\$327,901	\$294,000	\$33,901
Huntington Public Capital Corp Dump Truck Lease Purchase	\$50,245	\$48,806	\$1,439
Huntington Public Capital Corp Fire Truck Lease Purchase	\$505,501	\$460,137	\$45,364
Total	\$883,647	\$802,943	\$80,704

FINDING NUMBER – 2023-002 (continued)

The fund balances note disclosure included in the Hinkle System filing for the fiscal year ended December 31, 2023 inaccurately reported outstanding encumbrances as follows:

Opinion Unit	Reported Outstanding Encumbrances	Actual Outstanding Encumbrances	Variance
General Fund	\$394,385	\$180,196	\$214,189
Special Revenue Funds	\$212,105	\$222,026	(\$9,921)
Capital Project Funds	\$828,607	\$340,942	\$487,665
Total	\$1,435,097	\$743,164	\$691,933

The interfund balances note disclosure included in the Hinkle System filing for the fiscal year ended December 31, 2023 improperly excluded an outstanding advance from the General Fund to the Safer Grant Fund in the amount of \$50,000.

The notes to the financial statements have been adjusted to reflect the correct amounts.

The Village should implement controls over financial reporting to ensure the notes to the financial statements are complete and accurate.

Official's Response:

Fiscal Officer will review all financial statements and notes at the end of each year to ensure completeness and accuracy.

FINDING NUMBER – 2023-003

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Sound financial reporting is the responsibility of the Fiscal Officer and Village Council is essential to ensure the information provided to the readers of the financial statements is complete and accurate. The Village did not have policies and procedures in place for certain financial statement accounts, which led to the following proposed adjustments and reclassifications to the financial statements:

- During 2022, homestead and rollback receipts in the amount of \$2,759 were improperly recorded as property and other local taxes rather than intergovernmental receipts in the Special Revenue Funds. The financial statements have been updated to reflect this reclassification.
- During 2023, homestead and rollback receipts in the amount of 2,159 were improperly recorded as property and other local taxes rather than intergovernmental in the Special Revenue Funds. The financial statements have been updated to reflect this reclassification.
- During 2022, the first half homestead and rollback payment from Portage County due to the Police Pension Fund (a Special Revenue Fund) in the amount of \$578 was improperly recorded in the General Fund. The financial statements have been updated to reflect this adjustment.
- During 2022, homestead and rollback receipts in the amount of \$7,806 were recorded twice in the General Fund. The duplicate posting was also recorded as a deposit in transit and subsequently corrected in March 2023. The financial statements have been updated to reflect this adjustment.
- During 2022, the proceeds from the sale of assets in the amount of \$15,926 were improperly recorded as miscellaneous rather than sale of fixed assets in the General Fund. the financial statements have been updated to reflect this reclassification.
- During 2022, redemption of principal and interest and fiscal charges related to the fire truck lease in the amounts of \$52,181 and \$11,007, respectively, and totaling \$63,188, were reported as capital outlay in the Capital Project Funds. The financial statements have been updated to reflect this reclassification.
- During 2023, redemption of principal and interest and fiscal charges related to the fire truck lease in the amounts of \$53,308 and \$9,880, respectively, and totaling \$63,188, were reported as capital outlay in the Capital Project Funds. The financial statements have been updated to reflect this reclassification.
- During 2023, intergovernmental receipts related to homestead and rollback in the amount of \$4,371 were overstated in the General Fund and understated in the Special Revenue Funds. Of the \$4,371, \$1,167 should have been recorded in the Police Pension Fund and \$3,204 should have been recorded in the Fire Fund. The financial statements have been updated to reflect this adjustment.
- During 2022, the November 2022 local government distribution from Summit County in the amount of \$7,985 was recorded twice in the General Fund. The duplicate posting was also recorded as a deposit in transit and subsequently corrected in March 2023. The financial statements have been updated to reflect this adjustment.

FINDING NUMBER – 2023-003 (Continued)

- During 2022, a trauma and emergency medical services grant received from the Ohio Department of Public Safety in the amount of \$4,093 was recorded as charges for services rather than intergovernmental in the Special Revenue Funds. The financial statements have been updated to reflect this adjustment.
- During 2022, a grant receipt from Summit County related to the County's share of a road resurfacing project in the amount of \$225,502 was recorded as municipal income taxes rather than intergovernmental receipts in the Capital Project Funds. The financial statements have been updated to reflect this reclassification.
- During 2023, a grant from the Ohio Department of Transportation related to the County's share of a road resurfacing project in the amount of \$83,524 was recorded as municipal income taxes rather than intergovernmental receipts in the Capital Project Funds. The financial statements have been updated to reflect this reclassification.
- During 2022, municipal income taxes from the municipal net profit tax were improperly recorded in the General Fund rather than the Capital Projects Funds. The financial statements have been updated to reflect this adjustment.
- During 2022, a transfer out from the General Fund in the amount of \$125,000 to the Street Fund in the amount of \$100,000 and the Park and Recreation Fund in the amount of \$25,000 was recorded twice in error. As a result, transfers out and transfers in were overstated by \$125,000 in the General Fund and Special Revenue Funds, respectively. The financial statements have been updated to reflect this adjustment.
- During 2023, amounts retained by the Regional Income Tax Agency (RITA) in the amounts of \$99,513 and \$24,878 for the General Fund and the Capital Projects Water/Sewer Main Project Fund, respectively were recorded as expenditures rather than reductions of revenue. As a result, municipal income taxes and general government disbursements were overstated. The financial statements have been updated to reflect this adjustment.
- During 2023, a refund received from the Regional Income Tax Agency (RITA) representing excess retained income tax revenue from the prior year in the amounts of \$40,015 and \$10,004 for the General Fund and the Capital Projects Water/Sewer Main Project Fund, respectively were recorded at net. As a result, municipal income tax and general government disbursements were understated. The financial statements have been updated to reflect this adjustment.
- During 2022, a payment in the amount of \$14,894 for the Accounting Services Agreement with Varney, Fink & Associates, Inc. (the Firm) were paid twice. The duplicate check was never cashed by the Firm and remains on the outstanding check list. As a result, general government disbursements and fund cash balances, December 31 were overstated in the General Fund. The financial statements have been updated to reflect this adjustment.
- During 2022, the Village's share of the Mayor's Court monies for December 2021 and November 2022 totaling \$2,568 were improperly recorded as fines licenses and permits for distribution in the Custodial Fund rather than fines, licenses and permits in the General Fund. The financial statements have been updated to reflect this adjustment.
- During 2023, the Village's share of the Mayor's Court monies for fiscal year 2023 in the amount of \$20,511 were improperly recorded as fines, licenses and permits for distribution in the Custodial Fund rather than fines, licenses and permits in the General Fund (\$19,971) and Special Revenue Funds (\$540). The financial statements have been updated to reflect this adjustment.

FINDING NUMBER – 2023-003 (Continued)

To help ensure the Village's financial statements are accurate, the Village should adopt policies and procedures to identify and correct errors. The Village should review the financial statements prior to submission for audit.

Official's Response:

Fiscal Officer will review all transactions quarterly to ensure accuracy and to assure any needed corrections are made

FINDING NUMBER – 2023-004

Material Weakness

In November 2023, the Village identified possible misappropriation of cash payments by the Clerk of Courts related to the Village of Mogadore's Mayor's Court for traffic violations. The Village subsequently contracted with the Summit County Internal Audit Department (SCIAD) to perform non-audit services related to Mayor's Court cash collection, case management and disbursement processes. SCIAD issued a Final Report on January 8, 2024, which reported \$88,796 in apparent misappropriated funds by the Clerk of Court. The Final Report was submitted to the Portage County Prosecutor's Office for further investigation and possible prosecution. The Auditor of State's office reviewed and reperformed the work performed by SCIAD and agree with the results of SCIAD's services. SCIAD identified the following internal control deficiencies:

- Case file jackets were unable to be located.
- No policies and procedures exist for the Mayor's Court collection and deposit process or monthly disbursements.
- One person is responsible for entering citations into the system, collecting fines and costs, making adjustments in the system, preparing daily cash reconciliations, preparing bank deposits and disbursing funds, creating an improper segregation of duties.
- Within the computerized Mayor's Court accounting system, multiple users utilize the same user account.
- One employee is responsible for preparing disbursements and signing checks, with no supervisory review.
- In some instances, defendants were charged a late fee, but no legislation could be located approving for the charging of late fees. Additionally, the timing of the late fee charge could not be determined.
- Inconsistencies were noted when charging the \$25 payment plan fee. Additionally, no legislation could be located approving for the charging of a payment plan fee.
- Funds and check stock are maintained in the vault; however, the vault is not properly secured. Additionally, a key listing does not exist noting individuals with access.

Additionally, the Auditor of State requested documentation of the supervisory reviews of the Mayor's Court system generated reports; however, no documentation could be provided.

FINDING NUMBER – 2023-004 (Continued)

In order to correct these deficiencies, the following is recommended:

- All case file documentation be maintained for the required retention period.
- Policies and procedures should be created, approved, and disseminated for all functional areas within the Mayor's Court.
- Procedures over entering citations, collecting fines and costs, preparing daily cash reconciliations, preparing bank deposits and disbursements should be properly segregated.
- Each user should have their own unique system account.
- Two check signers should be required for all disbursements.
- The Mayor's Court bank account should be reimbursed by the Village to account for bank fees and charges.
- All fees should be properly approved by Council. Additionally, a formal policy should be created, approved, and disseminated over the timing of the late fee charge.
- All fees should be properly approved by Council. Additionally, a formal policy should be created, approved, and disseminated over the assessment of the payment plan fee.
- The vault be locked at all times. Additionally, a key listing should be created to identify individuals with key access

Additionally, the Mayor's Court system generated reports should be regularly reviewed, approved and maintained.

Official's Response:

The Village is having monthly reviews of bank reconciliations and reports to verify accuracy from someone other than the mayor's court clerk.

FINDING NUMBER – 2023-005

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village's Debt Service Fund had expenditures in excess of appropriations of \$49,987 and \$49,356, as of December 31, 2023 and 2022, respectively.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

Village Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Official's Response:

Expenses will be reviewed monthly to ensure spending is within the authorized appropriations

Village of Mogadore

Office of the Clerk Treasurer
135 South Cleveland Avenue
Mogadore, Ohio 44260
Phone: 330-628-4896
Fax: 330-628-5850

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR 200.511(b) December 31, 2023 and 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	Financial Reporting - Accounting Records	Partially Corrected	Refer to the Management Letter
2021-002	Adjustments and Reclassifications	Not Corrected	2023-003
2021-003	Budgetary Information – Accounting System	Partially Corrected	Refer to the Management Letter
2021-004	Beginning Fund Balances	Corrective Action Taken and Finding is Fully Corrected	N/A
2021-005	Negative Fund Balance	Partially Corrected	Refer to the Management Letter
2021-006	Expenditures Exceed Appropriations	Not Corrected	2023-005
2020-001	Financial Reporting – Accounting Records	Partially Corrected	Refer to the Management Letter
2020-002	Adjustments and Reclassifications	Not Corrected	2023-003
2020-003	Budgetary Information – Accounting System	Partially Corrected	Refer to the Management Letter
2020-004	Beginning Fund Balances	Corrective Action Taken and Finding is Fully Corrected	N/A
2020-005	Negative Fund Balance	Partially Corrected	Refer to the Management Letter
2020-006	Lease Purchase	Finding No Longer Valid	N/A
2020-007	Expenditures Exceed Appropriation	Not Corrected	2023-005

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF MOGADORE

SUMMIT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 2/13/2025

65 East State 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