
ALGER & ASSOCIATES, Inc.



PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES

VILLAGE OF MOGADORE

SUMMIT COUNTY, OHIO

REGULAR AUDIT

A&A

FOR THE PERIOD

December 31, 2015 AND 2014

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Dave Yost • Auditor of State

Village Council
Village of Mogadore
135 S. Cleveland Avenue
Mogadore, Ohio 44260

We have reviewed the *Independent Auditor's Report* of the Village of Mogadore, Summit County, prepared by Alger & Associates, Inc., for the audit period January 1, 2014 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

July 25, 2016

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VILLAGE OF MOGADORE
SUMMIT COUNTY

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ALGER & ASSOCIATES, Inc.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Mogadore, Summit County, (the Village) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2015 and 2014, or 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 Mogadore, Summit County as of December 31, 2015 and 2014, 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2016, 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.

Alger &
Associates, Inc.



Digitally signed by Alger &
Associates, Inc.
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email=galger53@att.net, c=US
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Alger & Associates, Inc.
Certified Public Accountants
North Canton, Ohio
June 22, 2016

Village of Mogadore, Ohio
Summit County
Combined Statement of Receipts, Disbursements and Changes in Fund
Balances - (Cash Basis) All Governmental Fund Types
For the Year Ended December 31, 2015

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Property and Other Local Taxes	\$127,917	\$22,099	\$0	\$0	\$150,016
Municipal Income Taxes	2,274,910	0	0	625,983	2,900,893
Intergovernmental	122,873	803,275	0	1,208,131	2,134,279
Special Assessments	8,483	0	0	0	8,483
Charges for Services	0	149,999	0	0	149,999
Fines, Licenses and Permits	121,062	3,321	0	0	124,383
Earnings on Investments	208	0	0	0	208
Miscellaneous	55,153	28,728	0	0	83,881
<i>Total Cash Receipts</i>	<u>2,710,606</u>	<u>1,007,422</u>	<u>0</u>	<u>1,834,114</u>	<u>5,552,142</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,434,110	99,966	0	0	1,534,076
Public Health Services	0	35,619	0	0	35,619
Leisure Time Activities	0	104,648	0	0	104,648
Basic Utility Services	33,183	0	0	0	33,183
Community Environment	1,391	0	0	0	1,391
Transportation	0	493,203	0	0	493,203
General Government	602,643	0	0	0	602,643
Capital Outlay	38,667	29,009	0	1,779,100	1,846,776
Debt Service:					
Redemption of Principal	0	0	743,500	500,000	1,243,500
Interest and Other Fiscal Charges	0	0	11,646	9,047	20,693
<i>Total Cash Disbursements</i>	<u>2,109,994</u>	<u>762,445</u>	<u>755,146</u>	<u>2,288,147</u>	<u>5,915,732</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>600,612</u>	<u>244,977</u>	<u>(755,146)</u>	<u>(454,033)</u>	<u>(363,590)</u>
Other Financing Receipts (Disbursements)					
Proceeds of Notes	0	0	530,000	0	530,000
Transfers In	0	288,716	175,147	0	463,863
Transfers Out	(463,863)	0	0	0	(463,863)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(463,863)</u>	<u>288,716</u>	<u>705,147</u>	<u>0</u>	<u>530,000</u>
<i>Net Change in Fund Cash Balances</i>	<u>136,749</u>	<u>533,693</u>	<u>(49,999)</u>	<u>(454,033)</u>	<u>166,410</u>
<i>Fund Cash Balances , January 1</i>	<u>561,817</u>	<u>289,311</u>	<u>49,999</u>	<u>846,922</u>	<u>1,748,049</u>
Fund Cash Balances , December 31					
Restricted	0	823,004	0	392,889	1,215,893
Unassigned (Deficit)	698,566	0	0	0	698,566
<i>Fund Cash Balances , December 31</i>	<u>\$698,566</u>	<u>\$823,004</u>	<u>\$0</u>	<u>\$392,889</u>	<u>\$1,914,459</u>

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

Village of Mogadore, Ohio
Summit County
Combined Statement of Receipts, Disbursements and Changes in
Fund Balance (Cash Basis) - Fiduciary Fund Type
For the Year Ended December 31, 2015

	Fiduciary Fund Types
	<u>Agency</u>
Operating Cash Receipts	
Fines, Licenses and Permits	<u>\$51,619</u>
<i>Total Operating Cash Receipts</i>	<u>51,619</u>
Operating Cash Disbursements	
Other	<u>57,131</u>
<i>Total Operating Cash Disbursements</i>	<u>57,131</u>
<i>Net Change in Fund Cash Balances</i>	<u>(5,512)</u>
<i>Fund Cash Balances, January 1</i>	<u>29,394</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$23,882</u></u>

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

Village of Mogadore, Ohio
Summit County
Combined Statement of Receipts, Disbursements and Changes in Fund
Balances - (Cash Basis) All Governmental Fund Types
For the Year Ended December 31, 2014

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Property and Other Local Taxes	\$126,785	\$19,901	\$0	\$0	\$146,686
Municipal Income Tax	2,271,606	0	0	629,718	2,901,324
Intergovernmental	114,191	204,956	0	42,470	361,617
Charges for Services	0	117,210	0	0	117,210
Fines, Licenses and Permits	80,415	4,392	0	0	84,807
Earnings on Investments	932	0	0	0	932
Miscellaneous	62,893	37,829	0	0	100,722
<i>Total Cash Receipts</i>	<u>2,656,822</u>	<u>384,288</u>	<u>0</u>	<u>672,188</u>	<u>3,713,298</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,318,788	142,009	0	0	1,460,797
Public Health Services	20,740	29,808	0	0	50,548
Leisure Time Activities	0	99,593	0	0	99,593
Community Environment	1,999	0	0	0	1,999
Transportation	0	509,514	0	0	509,514
General Government	629,562	0	0	0	629,562
Capital Outlay	40,183	40,163	0	822,617	902,963
Debt Service:					
Principal Retirement	0	0	823,500	500,000	1,323,500
Interest and Fiscal Charges	0	0	14,406	9,063	23,469
<i>Total Cash Disbursements</i>	<u>2,011,272</u>	<u>821,087</u>	<u>837,906</u>	<u>1,331,680</u>	<u>5,001,945</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>645,550</u>	<u>(436,799)</u>	<u>(837,906)</u>	<u>(659,492)</u>	<u>(1,288,647)</u>
Other Financing Receipts (Disbursements)					
Sale of Notes	0	0	743,500	500,000	1,243,500
Advances In	0	110,778	0	0	110,778
Advances Out	(110,778)	0	0	0	(110,778)
Transfers-In	0	440,343	143,282	0	583,625
Transfers-Out	(583,625)	0	0	0	(583,625)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(694,403)</u>	<u>551,121</u>	<u>886,782</u>	<u>500,000</u>	<u>1,243,500</u>
<i>Net Change in Fund Cash Balances</i>	<u>(48,853)</u>	<u>114,322</u>	<u>48,876</u>	<u>(159,492)</u>	<u>(45,147)</u>
<i>Fund Cash Balances, January 1</i>	<u>610,670</u>	<u>174,989</u>	<u>1,123</u>	<u>1,006,414</u>	<u>1,793,196</u>
Fund Cash Balances, December 31					
Restricted	0	289,311	49,999	273,088	612,398
Assigned	10,000	0	0	573,834	583,834
Unassigned (Deficit)	551,817	0	0	0	551,817
<i>Fund Cash Balances, December 31</i>	<u>\$561,817</u>	<u>\$289,311</u>	<u>\$49,999</u>	<u>\$846,922</u>	<u>\$1,748,049</u>

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

Village of Mogadore, Ohio
Summit County
Combined Statement of Receipts, Disbursements and Changes in
Fund Balance (Cash Basis) - Fiduciary Fund Type
For the Year Ended December 31, 2014

	Fiduciary Fund Types
	Agency
Operating Cash Receipts	
Fines, Licenses and Permits	\$83,443
<i>Total Operating Cash Receipts</i>	<u>83,443</u>
Operating Cash Disbursements	
Other	80,767
<i>Total Operating Cash Disbursements</i>	<u>80,767</u>
<i>Net Change in Fund Cash Balance</i>	2,676
<i>Fund Cash Balance, January 1</i>	<u>26,718</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$29,394</u></u>

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

**VILLAGE OF MOGADORE
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015-2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Accounting Basis

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

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

C. Deposits and Investments

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

The Village invested in a repurchase agreement (overnight sweep) for all of 2014 and the first three months of 2015.

D. Fund Accounting

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

1. General Fund

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

VILLAGE OF MOGADORE
SUMMIT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015-2014
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The 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.

FEMA Fund – This fund receives grant funds from the Assistance to Firefighters Program for the purchase of safety gear and equipment.

3. Debt Service Fund

This fund accounts for resources the Village accumulates to pay note debt. The Village had the following Debt Service Fund:

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

4. Capital Project Funds

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

Water/Sewer Construction Fund – This fund receives proceeds from the Ohio Public Works Commission. The proceeds are being used for various replacement and reconstruction projects.

5. 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.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for:

VILLAGE OF MOGADORE
SUMMIT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015-2014
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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

E. Budgetary Process

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

1. 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.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the 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 2015 and 2014 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

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

VILLAGE OF MOGADORE
SUMMIT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015-2014
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

2. Restricted

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

3. Committed

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.

4. 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.

5. Unassigned

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

The 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.

G. Property, Plant, and Equipment

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

VILLAGE OF MOGADORE
SUMMIT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015-2014
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Accumulated Leave

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The 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:

	2015	2014
Demand deposits	\$1,938,341	(\$127,557)
Total deposits	1,938,341	(127,557)
Repurchase Agreements	0	1,905,000
Total deposits and investments	\$1,938,341	\$1,777,443

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

Investments: The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name. The Village no longer invested in repurchase agreement as of March, 2015.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,623,606	\$2,710,606	\$87,000
Special Revenue	885,000	1,296,138	411,138
Debt Service	850,000	705,147	(144,853)
Capital Projects	900,000	1,834,114	934,114
Fiduciary	91,000	51,619	(39,381)
Total	\$5,349,606	\$6,597,624	\$1,248,018

VILLAGE OF MOGADORE
SUMMIT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015-2014
(Continued)

3. BUDGETARY ACTIVITY (Continued)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,742,100	\$2,573,857	\$168,243
Special Revenue	1,424,165	762,445	661,720
Debt Service	756,000	755,146	854
Capital Projects	1,991,095	2,288,147	(297,052)
Fiduciary	75,000	57,131	17,869
Total	\$6,988,360	\$6,436,726	\$551,634

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,822,774	\$2,656,822	(\$165,952)
Special Revenue	1,498,369	824,631	(673,738)
Debt Service	886,782	886,782	0
Capital Projects	1,159,009	1,172,188	13,179
Fiduciary	76,277	83,443	7,166
Total	\$6,443,211	\$5,623,866	(\$819,345)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,583,906	\$2,604,897	(\$20,991)
Special Revenue	851,530	821,172	30,358
Debt Service	837,906	837,906	0
Capital Projects	1,985,928	1,905,514	80,414
Fiduciary	80,024	80,767	(743)
Total	\$6,339,294	\$6,250,256	\$89,038

Contrary to Ohio law, certain funds had negative fund balances during the audit period. In September and October 2015, the Street Fund had negative fund balance in the amount of \$2,390 and \$11,597 respectively, Parks and Recreation Fund at \$15,450 and \$19,929 respectively, and Police D.A.R.E. Fund \$716 for both months.

Contrary to Ohio law, certain funds had negative fund balances in September and November 2014. The Street Fund in the amount of \$95,816 and \$181,227 respectively, Parks and Recreation Fund at \$36,473 and \$72,271 respectively, Debt Service Fund \$60,750 for both months and Police Pension Fund \$41,835 in November 2014.

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Water & Sewer Main Project fund by \$297,052 for the year ended December 31, 2015.

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$20,991, Fire/EMS Fund by \$1,839, State Highway Fund by \$1,949, and Mayor's Court Fund by \$743, for the year ended December 31, 2014.

VILLAGE OF MOGADORE
SUMMIT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015-2014
(Continued)

4. **PROPERTY TAX**

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

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

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

5. **LOCAL INCOME TAX**

The Village levies a municipal income tax of 2.25 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

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

6. **DEBT**

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Various Purpose Improvement Notes, Series 2015	\$530,000	1.5%

Various Purpose Improvement Notes, Series 2015, was issued March 11, 2015 in the amount of \$530,000. The note matures March 10, 2016, at an interest rate of 1.5%. 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.

**VILLAGE OF MOGADORE
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015-2014
(Continued)**

7. RETIREMENT SYSTEMS

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For the period of January 1, 2014 through June 30, 2014, OP&F participants contributed 10.75% of their wages. For the period July 1, 2014 through June 30, 2015, OP&F participants contributed 11.5% of their wages. For the period July 1, 2015 through December 31, 2015, OP&F participants contributed 12.25% of their wages. For 2015 and 2014, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of the Fire Chief's wages, respectively. For 2015 and 2014, 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, 2015.

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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



ALGER & ASSOCIATES, Inc.

Certified Public Accountants

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, OH 44260

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Village of Mogadore, Summit County, (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated June 22, 2016, 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 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 2015-001 to be a material weakness.

6927 Burgundy Ave. N.W
North Canton, OH 44720
Phone (330) 353-5851 – Fax (330) 768-7578

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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2015-001 and 2015-002.

Village's Response to Findings

The Village's response to the findings identified in our audit are 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.

Alger &
Associates, Inc.

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Associates, Inc.
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email=galger53@att.net, c=US
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Alger & Associates, Inc.
Certified Public Accountants
North Canton, Ohio

June 22, 2016

VILLAGE OF MOGADORE
SUMMIT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014

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

FINDING NUMBER 2015-001

Noncompliance and Material Weakness

Ohio Rev. Code Section 5705.10 provides that monies paid into any fund be used only for the purposes for which such fund is established.

The Village had several negative fund balances noted in September and November 2014 and September and October 2015.

- In September 2014, we noted negative balances in the Street Fund, Parks and Recreation Fund and Debt Service Fund in the amounts of \$95,816, \$36,473, and \$60,750 respectively.
- In November 2014, we noted negative balances in the Street Fund, Parks and Recreation Fund, Debt Service Fund and Police Pension Fund in the amounts of \$181,227, \$72,271, \$60,750 and \$41,835 respectively.
- In September 2015, we noted negative balances in the Street Fund, Parks and Recreation Fund and Police DARE Fund in the amounts of \$2,390, \$15,450 \$716 respectively.
- In October 2015, we noted negative balances in the Street Fund, Parks and Recreation Fund and Police DARE Fund in the amounts of \$11,597, \$19,929, and \$716 respectively.

Negative cash fund balances are an indication that revenues from other sources were used to pay obligations of these funds. Fund activity should be monitored to prevent future expenditures in excess of available resources. In those cases where additional funds are required, the resources should either be transferred to the fund in accordance with the Ohio Revised Code.

Official's Response: Administration is currently working to rectify this issue.

VILLAGE OF MOGADORE
SUMMIT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014

FINDING NUMBER 2015-002

Noncompliance

Ohio Revised Code Section 5705.41(B) requires that no subdivision or taxing unit is to expend money unless it has been appropriated.

In 2015, the total expenditures exceeded appropriations in the Water & Sewer Main Project fund by \$297,052.

In 2014, total expenditures exceeded appropriations in the General Fund by \$20,991, Fire/EMS Fund by \$1,839, State Highway Fund by \$1,949, and Mayor's Court Fund by \$743.

The Fiscal Officer should frequently compare actual expenditures plus outstanding encumbrances to appropriations at the legal level of control to help avoid overspending.

Official's Response: Administration is currently working to rectify this issue.

VILLAGE OF MOGADORE
SUMMIT COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Ohio Revised Code §5705.10 Certain funds had negative fund balances.	No	Repeated as 2015-001
2013-002	Ohio Revised Code §5705.14, 5705.15, 5705.16 transfers made without prior approval.	Yes	Finding No Longer Valid
2013-003	Income Tax Ordinance Village did not allocate income tax receipts in a manner to assure income tax collections were set aside and used as described.	Yes	Finding No Longer Valid
2013-004	Ohio Revised Code §5705.41(B) Certain funds had expenditures plus encumbrances exceeding appropriation authority.	No	Repeated as 2015-002

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Dave Yost • Auditor of State

VILLAGE OF MOGADORE

SUMMIT 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
AUGUST 9, 2016