



Dave Yost • Auditor of State

VILLAGE OF MINERAL CITY
TUSCARAWAS COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2014	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2013	4
Notes to the Financial Statements	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13
Schedule of Findings.....	15

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Mineral City
Tuscarawas County
8503 North High Street
P.O. Box 336
Mineral City, Ohio 44656

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Mineral City, Tuscarawas County, Ohio (the Village), as of and for the years ended December 31, 2014 and 2013.

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 § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 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 § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 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, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Mineral City, Tuscarawas County, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 November 17, 2015, 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.



Dave Yost
Auditor of State
Columbus, Ohio

November 17, 2015

**VILLAGE OF MINERAL CITY
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$36,044	\$29,755	\$0	\$65,799
Municipal Income Tax	53,603	0	0	53,603
Intergovernmental	33,443	42,676	0	76,119
Charges for Services	0	31,400	0	31,400
Fines, Licenses and Permits	6,914	0	0	6,914
Earnings on Investments	1,332	3	0	1,335
Miscellaneous	1,624	8,884	0	10,508
<i>Total Cash Receipts</i>	<u>132,960</u>	<u>112,718</u>	<u>0</u>	<u>245,678</u>
Cash Disbursements				
Current:				
Security of Persons and Property	0	21,647	0	21,647
Public Health Services	230	0	0	230
Leisure Time Activities	15,437	0	0	15,437
Community Environment	4,368	0	0	4,368
Basic Utility Services	26,007	19	0	26,026
Transportation	13,597	17,824	0	31,421
General Government	55,962	14,993	0	70,955
Capital Outlay	0	9,241	1,205,926	1,215,167
Debt Service:				
Principal Retirement	0	19,852	0	19,852
Interest and Fiscal Charges	0	7,167	0	7,167
<i>Total Cash Disbursements</i>	<u>115,601</u>	<u>90,743</u>	<u>1,205,926</u>	<u>1,412,270</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>17,359</u>	<u>21,975</u>	<u>(1,205,926)</u>	<u>(1,166,592)</u>
Extraordinary Item	0	0	61,944	61,944
<i>Net Change in Fund Cash Balances</i>	17,359	21,975	(1,143,982)	(1,104,648)
<i>Fund Cash Balances, January 1</i>	<u>254,325</u>	<u>108,802</u>	<u>1,182,035</u>	<u>1,545,162</u>
Fund Cash Balances, December 31				
Restricted	0	130,777	0	130,777
Committed	0	0	38,053	38,053
Unassigned	271,684	0	0	271,684
<i>Fund Cash Balances, December 31</i>	<u>\$271,684</u>	<u>\$130,777</u>	<u>\$38,053</u>	<u>\$440,514</u>

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

**VILLAGE OF MINERAL CITY
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$32,729	\$27,513	\$0	\$60,242
Municipal Income Tax	56,770	0	0	56,770
Intergovernmental	18,829	31,873	0	50,702
Charges for Services	0	25,000	0	25,000
Fines, Licenses and Permits	6,329	0	0	6,329
Earnings on Investments	32	4	0	36
Miscellaneous	12,088	1,600	0	13,688
<i>Total Cash Receipts</i>	<u>126,777</u>	<u>85,990</u>	<u>0</u>	<u>212,767</u>
Cash Disbursements				
Current:				
Security of Persons and Property	0	17,065	0	17,065
Public Health Services	234	0	0	234
Leisure Time Activities	9,844	0	0	9,844
Community Environment	3,383	0	0	3,383
Basic Utility Services	20,597	0	0	20,597
Transportation	9,884	13,528	0	23,412
General Government	69,172	11,866	0	81,038
Capital Outlay	248	0	156,988	157,236
Debt Service:				
Principal Retirement	0	13,559	0	13,559
Interest and Fiscal Charges	0	13,461	0	13,461
<i>Total Cash Disbursements</i>	<u>113,362</u>	<u>69,479</u>	<u>156,988</u>	<u>339,829</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>13,415</u>	<u>16,511</u>	<u>(156,988)</u>	<u>(127,062)</u>
Extraordinary Item	0	0	1,339,023	1,339,023
<i>Net Change in Fund Cash Balances</i>	13,415	16,511	1,182,035	1,211,961
<i>Fund Cash Balances, January 1</i>	<u>240,910</u>	<u>92,291</u>	<u>0</u>	<u>333,201</u>
Fund Cash Balances, December 31				
Restricted	0	108,802	0	108,802
Committed	0	0	1,182,035	1,182,035
Unassigned	254,325	0	0	254,325
<i>Fund Cash Balances, December 31</i>	<u>\$254,325</u>	<u>\$108,802</u>	<u>\$1,182,035</u>	<u>\$1,545,162</u>

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

**VILLAGE OF MINERAL CITY
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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 Mineral City, Tuscarawas County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides fire protection and park operations. The Village contracts with the Tuscarawas County Sheriff's department to provide security of persons and property.

The Village participates in two jointly governed organizations, the Tuscarawas County Tax Incentive Review Council and the Mineral Sandy Joint Ambulance District. Note 10 to the financial statements provides additional information for these entities.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 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.

D. Fund Accounting

The Village uses fund accounting to segregate cash that is 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 MINERAL CITY
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(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.

Fire Protection Fund – This fund receives levy monies within the village and a fire contract with Sandy Township for fire protection services within the Village of Mineral City and Sandy Township.

3. Capital Project Fund

Fire Station Fund – This fund receives proceeds of insurance settlements for the tornado destruction of the municipal fire department building. The proceeds are to be used to construct a new municipal fire department building.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

**VILLAGE OF MINERAL CITY
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance

Fund balance is divided into 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. 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.

2. 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.

3. 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.

2. Equity in Pooled Deposits

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

	2014	2013
Demand deposits	\$425,744	\$1,545,162
Certificates of deposit	14,770	0
Total deposits	\$440,514	\$1,545,162

**VILLAGE OF MINERAL CITY
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

2. Equity in Pooled Deposits (Continued)

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2014 and December 31, 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$132,960	\$132,960	\$0
Special Revenue	112,718	112,718	0
Capital Projects	61,944	61,944	0
Total	\$307,622	\$307,622	\$0

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$193,650	\$115,601	\$78,049
Special Revenue	177,927	90,743	87,184
Capital Projects	1,205,926	1,205,926	0
Total	\$1,577,503	\$1,412,270	\$165,233

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$126,777	\$126,777	\$0
Special Revenue	85,990	85,990	0
Capital Projects	1,339,023	1,339,023	0
Total	\$1,551,790	\$1,551,790	\$0

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$191,139	\$113,362	\$77,777
Special Revenue	145,627	69,479	76,148
Capital Projects	156,989	156,988	1
Total	\$493,755	\$339,829	\$153,926

**VILLAGE OF MINERAL CITY
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(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.

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 1 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.

6. Debt

Debt outstanding at December 31, 2014 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
First State Bank Lease - Fire Truck	\$136,503	3.86%
First State Bank Lease - Fire Rescue Equipment	\$33,866	3.47%
Total	<u>\$170,369</u>	

The First State Bank leases relate to the purchase of a 2005 E-One Tradition / Typhoon Custom Pumper fire truck and one new set of Hurst Fire Rescue Tools. For the Fire Truck lease, the Village will repay the lease in annual installments of \$16,266, including interest, through 2017; then the installment will increase to \$28,300, including interest, from 2018 through 2021. For the Fire Rescue Equipment, the Village will repay the lease in annual installments of \$10,753, including interest, through 2017. Payments are made from the Fire Protection fund. The leases are secured by the equipment.

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

**VILLAGE OF MINERAL CITY
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

6. Debt (Continued)

Year ending December 31:	First State Bank Lease - Fire Truck	First State Bank Lease - Fire Rescue Equipment
2015	\$16,266	\$10,753
2016	16,266	10,753
2017	16,266	14,876
2018	28,300	0
2019	28,300	0
2020-2024	55,579	0
Total	<u>\$160,977</u>	<u>\$36,382</u>

7. Retirement System

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

The Ohio Revised Code Also prescribes contribution rates. For 2014 and 2013, 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, 2014.

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.

9. Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. 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.

**VILLAGE OF MINERAL CITY
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

10. Jointly Governed Organizations

Tuscarawas County Tax Incentive Review Council

The Tuscarawas County Tax Incentive Review Council (TCTIRC) is a jointly governed organization, created as a regional council of governments pursuant to § 5705.62 of the Ohio Revised Code. TCTIRC has 44 members, consisting of 3 members appointed by the County Commissioners, 18 members appointed by municipal corporations, 14 members appointed by township trustees, 1 member from the county auditor's office and 8 members appointed by boards of education located within the county. TCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the TCTIRC can make written recommendations to the legislative authority which approved the agreement. There is no cost associated with being a member of this TCTIRC. The continued existence of the TCTIRC is not dependent on the Village's continued participation and no measurable equity interest exists.

During 2014 and 2013, no monies were paid to the TCTIRC from the Village.

The Village does not retain an ongoing financial interest or an ongoing financial responsibility with the TCTIRC.

Mineral Sandy Joint Ambulance District

The Mineral Sandy Joint Ambulance District (District) is a jointly governed organization, created as a joint ambulance district pursuant to § 505.71 of the Ohio Revised Code. The District has 2 Board of Directors, consisting of 1 member appointed by The Village of Mineral City and 1 member appointed by Sandy Township. The District provides rescue services within the District and by contract to areas outside of the District. There is no cost associated with being a member of the District. The continued existence of the District is not dependent on the Village's continued participation and no measurable equity interest exists.

During 2014 and 2013, no monies were paid to the District from the Village.

The Village does not retain an ongoing financial interest or an ongoing financial responsibility with the District.

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Dave Yost • Auditor of State

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

Village of Mineral City
Tuscarawas County
8503 North High Street
P.O. Box 336
Mineral City, Ohio 44656

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Mineral City, Tuscarawas County, Ohio (the Village), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated November 17, 2015 wherein we noted the Entity followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings, we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Finding 2014-001 described in the accompanying Schedule of Findings to be a material weakness.

Compliance and Other Matters

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

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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

November 17, 2015

**VILLAGE OF MINERAL CITY
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

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

FINDING NUMBER 2014-001

Material Weakness

The Village should maintain an accounting system and accounting records sufficient to enable the Village to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements in accordance with generally accepted accounting principles.

As a result of audit procedures performed, errors were noted in the Village's financial statements that required audit adjustments and reclassifications as follows:

- The Village utilized the Fire Protection Special Revenue Fund to account for the funds receipted and expended for the re-construction of the fire department building after the tornado in 2013. However, Governmental Accounting Standards Board (GASB) No. 54 provides that capital projects funds are to be used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlay, including the acquisition or construction of capital facilities and other capital assets. Amounts misposted totaled:
 - \$1,339,023 and \$156,988 in receipts and disbursements, respectively, in 2013 and \$28,137 and \$1,172,119 in receipts and disbursements, respectively, in 2014 for the construction of capital facilities.
 - \$33,807 in grant revenue from the Reeves Foundation and disbursements in 2014 for the purchase of a new generator for the new fire department building.
 - \$1,182,035 and \$38,053 in fund balances should be classified as committed fund balances versus restricted fund balances for 2013 and 2014, respectively.
- The Village misclassified \$5,697 in loan origination fees as Debt Service Principal Retirement in 2013, instead of Interest and Fiscal Charges in the Fire Protection Special Revenue Fund.

Sound financial reporting is the responsibility of the Village Fiscal Officer and is essential to ensure the information provided to the readers of the financial statement is complete and accurate. The financial statements have been adjusted accordingly.

To help ensure the financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures to identify and correct errors and omissions.

Officials' Response: We did not receive a response from Officials to this Finding.

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Dave Yost • Auditor of State

VILLAGE OF MINERAL CITY

TUSCARAWAS 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
DECEMBER 15, 2015