



Dave Yost • Auditor of State

VILLAGE OF MOUNT EATON
WAYNE COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Mount Eaton
Wayne County
P.O. Box 287
Mount Eaton, OH 44659

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Mount Eaton, Wayne 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 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 opinion.

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, 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 permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2014 and 2013, 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 Mount Eaton, Wayne County, Ohio, 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 Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the 2012 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 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

May 14, 2015

**VILLAGE OF MOUNT EATON
WAYNE 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 | Totals (Memorandum Only) |
|--|-------------------|--------------------|--------------------------------|
| Cash Receipts | | | |
| Property and Other Local Taxes | \$ 13,705 | \$ - | \$ 13,705 |
| Municipal Income Tax | 107,502 | - | 107,502 |
| Intergovernmental | 9,576 | 16,154 | 25,730 |
| Charges for Services | 240 | 40 | 280 |
| Fines, Licenses and Permits | 31,622 | 696 | 32,318 |
| Earnings on Investments | 28 | 1 | 29 |
| Miscellaneous | 886 | - | 886 |
| <i>Total Cash Receipts</i> | <u>163,559</u> | <u>16,891</u> | <u>180,450</u> |
| Cash Disbursements | | | |
| Current: | | | |
| Security of Persons and Property | 73,976 | - | 73,976 |
| Public Health Services | 3,651 | - | 3,651 |
| Leisure Time Activities | 67 | 1,654 | 1,721 |
| Transportation | - | 9,178 | 9,178 |
| General Government | - | 3,947 | 3,947 |
| Capital Outlay | 46,099 | - | 46,099 |
| <i>Total Cash Disbursements</i> | <u>123,793</u> | <u>14,779</u> | <u>138,572</u> |
| <i>Excess of Cash Receipts Over Cash Disbursements</i> | <u>39,766</u> | <u>2,112</u> | <u>41,878</u> |
| Other Financing Receipts (Disbursements) | | | |
| Transfers In | - | 5,000 | 5,000 |
| Transfers Out | (5,000) | - | (5,000) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(5,000)</u> | <u>5,000</u> | <u>-</u> |
| <i>Net Change in Fund Cash Balances</i> | 34,766 | 7,112 | 41,878 |
| <i>Fund Cash Balances, January 1</i> | <u>158,940</u> | <u>42,428</u> | <u>201,368</u> |
| Fund Cash Balances, December 31 | | | |
| Restricted | - | 45,220 | 45,220 |
| Assigned | 50,708 | 4,320 | 55,028 |
| Unassigned | 142,998 | - | 142,998 |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 193,706</u> | <u>\$ 49,540</u> | <u>\$ 243,246</u> |

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

**VILLAGE OF MOUNT EATON
WAYNE COUNTY**

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

| | Proprietary Fund Type | Fiduciary Fund Type | Totals |
|---|--------------------------|------------------------|----------------------|
| | Enterprise | Agency | (Memorandum Only) |
| Operating Cash Receipts | | | |
| Charges for Services | \$ 252,418 | \$ - | \$ 252,418 |
| <i>Total Operating Cash Receipts</i> | <u>252,418</u> | <u>-</u> | <u>252,418</u> |
| Operating Cash Disbursements | | | |
| Personal Services | 21,727 | - | 21,727 |
| Employee Fringe Benefits | 3,038 | - | 3,038 |
| Contractual Services | 50,552 | - | 50,552 |
| Supplies and Materials | 37,077 | - | 37,077 |
| <i>Total Operating Cash Disbursements</i> | <u>112,394</u> | <u>-</u> | <u>112,394</u> |
| <i>Operating Income</i> | <u>140,024</u> | <u>-</u> | <u>140,024</u> |
| Non-Operating Receipts (Disbursements) | | | |
| Court Collections | - | 43,153 | 43,153 |
| Court Disbursements | - | (44,797) | (44,797) |
| Principal Retirement | (221,487) | - | (221,487) |
| Interest and Other Fiscal Charges | (39,452) | - | (39,452) |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(260,939)</u> | <u>(1,644)</u> | <u>(262,583)</u> |
| <i>Net Change in Fund Cash Balances</i> | (120,915) | (1,644) | (122,559) |
| <i>Fund Cash Balances, January 1</i> | <u>629,561</u> | <u>4,269</u> | <u>633,830</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 508,646</u> | <u>\$ 2,625</u> | <u>\$ 511,271</u> |

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

**VILLAGE OF MOUNT EATON
WAYNE 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 | Totals (Memorandum Only) |
|--|-------------------|--------------------|--------------------------------|
| Cash Receipts | | | |
| Property and Other Local Taxes | \$ 13,709 | \$ - | \$ 13,709 |
| Municipal Income Tax | 103,205 | - | 103,205 |
| Intergovernmental | 9,840 | 17,333 | 27,173 |
| Charges for Services | 160 | 40 | 200 |
| Fines, Licenses and Permits | 51,620 | 1,868 | 53,488 |
| Earnings on Investments | 28 | 2 | 30 |
| Miscellaneous | 2,471 | 2,082 | 4,553 |
| <i>Total Cash Receipts</i> | <u>181,033</u> | <u>21,325</u> | <u>202,358</u> |
| Cash Disbursements | | | |
| Current: | | | |
| Security of Persons and Property | 79,651 | 400 | 80,051 |
| Public Health Services | 3,919 | - | 3,919 |
| Leisure Time Activities | 679 | 1,516 | 2,195 |
| Transportation | - | 25,273 | 25,273 |
| General Government | 49,730 | 5,972 | 55,702 |
| <i>Total Cash Disbursements</i> | <u>133,979</u> | <u>33,161</u> | <u>167,140</u> |
| <i>Excess of Cash Receipts Over (Under) Cash Disbursements</i> | <u>47,054</u> | <u>(11,836)</u> | <u>35,218</u> |
| Other Financing Receipts (Disbursements) | | | |
| Transfers In | - | 14,000 | 14,000 |
| Transfers Out | (14,000) | - | (14,000) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(14,000)</u> | <u>14,000</u> | <u>-</u> |
| <i>Net Change in Fund Cash Balances</i> | 33,054 | 2,164 | 35,218 |
| <i>Fund Cash Balances, January 1 (Restated)</i> | <u>125,886</u> | <u>40,264</u> | <u>166,150</u> |
| Fund Cash Balances, December 31 | | | |
| Restricted | - | 41,494 | 41,494 |
| Assigned | 37,331 | 934 | 38,265 |
| Unassigned | 121,609 | - | 121,609 |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 158,940</u> | <u>\$ 42,428</u> | <u>\$ 201,368</u> |

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

**VILLAGE OF MOUNT EATON
WAYNE COUNTY**

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

| | Proprietary Fund Type | Fiduciary Fund Type | Totals |
|---|--------------------------|------------------------|----------------------|
| | Enterprise | Agency | (Memorandum Only) |
| Operating Cash Receipts | | | |
| Charges for Services | \$ 228,054 | \$ - | \$ 228,054 |
| <i>Total Operating Cash Receipts</i> | <u>228,054</u> | <u>-</u> | <u>228,054</u> |
| Operating Cash Disbursements | | | |
| Personal Services | 21,582 | - | 21,582 |
| Employee Fringe Benefits | 3,134 | - | 3,134 |
| Contractual Services | 50,954 | - | 50,954 |
| Supplies and Materials | 57,965 | - | 57,965 |
| <i>Total Operating Cash Disbursements</i> | <u>133,635</u> | <u>-</u> | <u>133,635</u> |
| <i>Operating Income</i> | <u>94,419</u> | <u>-</u> | <u>94,419</u> |
| Non-Operating Receipts (Disbursements) | | | |
| Court Collections | - | 69,142 | 69,142 |
| Court Disbursements | - | (72,163) | (72,163) |
| Miscellaneous Receipts | 1,120 | - | 1,120 |
| Principal Retirement | (13,800) | - | (13,800) |
| Interest and Other Fiscal Charges | (40,073) | - | (40,073) |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(52,753)</u> | <u>(3,021)</u> | <u>(55,774)</u> |
| <i>Net Change in Fund Cash Balances</i> | 41,666 | (3,021) | 38,645 |
| <i>Fund Cash Balances, January 1 (Restated)</i> | <u>587,895</u> | <u>7,290</u> | <u>595,185</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 629,561</u> | <u>\$ 4,269</u> | <u>\$ 633,830</u> |

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

**VILLAGE OF MOUNT EATON
WAYNE COUNTY**

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

1. Summary of Significant Accounting Policies

A. Description of the Village

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Mount Eaton, Wayne County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, street maintenance and repairs, and police services. The Village contracts with Paint Township to receive fire protection services.

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

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

C. Deposits

The Village has no investments.

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.

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.

**VILLAGE OF MOUNT EATON
WAYNE 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 (Continued)

Mayor's Court Computerization Fund – This fund receives court fees for the purpose of maintaining computers for the Mayor's Court.

3. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

4. Fiduciary Funds

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

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

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. Appropriations lapse at year end.

VILLAGE OF MOUNT EATON
WAYNE COUNTY

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

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

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 4.

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.

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.

**VILLAGE OF MOUNT EATON
WAYNE COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

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.

2. Prior Period Adjustment

The Village restated the 2012 financial statements to adjust the Agency Fund December 31, 2012 fund balance from \$0 to \$7,290 to account for the Mayor's Court activity.

The Village also restated the 2012 financial statements to adjust the General Fund December 31, 2012 fund balance from \$126,354 to \$125,886 and the Enterprise Fund December 31, 2012 fund balance from \$587,427 to \$587,895 to account for a finding for adjustment issued in the prior audit which was corrected during the current audit.

3. 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 | \$744,517 | \$825,198 |
| Certificates of deposit | 10,000 | 10,000 |
| Total deposits | \$754,517 | \$835,198 |

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

**VILLAGE OF MOUNT EATON
WAYNE COUNTY**

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

4. Budgetary Activity

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

| 2014 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$202,084 | \$163,559 | (\$38,525) |
| Special Revenue | 52,348 | 21,891 | (30,457) |
| Enterprise | 244,862 | 252,418 | 7,556 |
| Total | \$499,294 | \$437,868 | (\$61,426) |

| 2014 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$239,415 | \$128,793 | \$110,622 |
| Special Revenue | 55,870 | 14,779 | 41,091 |
| Enterprise | 444,313 | 373,333 | 70,980 |
| Total | \$739,598 | \$516,905 | \$222,693 |

| 2013 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$196,821 | \$181,033 | (\$15,788) |
| Special Revenue | 51,345 | 35,325 | (16,020) |
| Enterprise | 234,827 | 229,174 | (5,653) |
| Total | \$482,993 | \$445,532 | (\$37,461) |

| 2013 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$241,363 | \$147,979 | \$93,384 |
| Special Revenue | 57,571 | 33,161 | 24,410 |
| Enterprise | 233,100 | 187,508 | 45,592 |
| Total | \$532,034 | \$368,648 | \$163,386 |

5. 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.

**VILLAGE OF MOUNT EATON
WAYNE COUNTY**

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

5. Property Tax (Continued)

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.

6. 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.

7. Debt

Debt outstanding at December 31, 2014 was as follows:

| | Principal | Interest Rate |
|---|-----------|---------------|
| Sewage System Mortgage Revenue Bonds 2003 | \$653,500 | 4.50% |

The 2003 Sewage System Mortgage Revenue Bonds relate to the construction of a wastewater treatment plant and sanitary sewers. The Village will redeem the bonds in annual installments of varying amounts over 40 years. Water and sewer receipts collateralize the Bonds.

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

| Year ending December 31: | Sewage System Mortgage Revenue Bonds |
|-----------------------------|---|
| 2015 | \$40,808 |
| 2016 | 40,774 |
| 2017 | 40,764 |
| 2018 | 40,806 |
| 2019 | 40,821 |
| 2020 - 2024 | 204,021 |
| 2025 - 2029 | 204,037 |
| 2030 - 2034 | 203,940 |
| 2035 - 2039 | 204,059 |
| 2040 - 2043 | 203,368 |
| Total | \$1,223,398 |

**VILLAGE OF MOUNT EATON
WAYNE COUNTY**

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

8. Retirement System

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

9. Risk Management

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 774 members as of December 31, 2012 and 2013 respectively.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2012 and 2013 (the latest information available).

VILLAGE OF MOUNT EATON
WAYNE COUNTY

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

9. Risk Management (Continued)

| | <u>2012</u> | <u>2013</u> |
|--------------------|--------------------|--------------------|
| Assets | \$13,100,381 | \$13,774,304 |
| Liabilities | <u>(6,687,193)</u> | <u>(7,968,395)</u> |
| Members' Equity | <u>\$6,413,188</u> | <u>\$5,805,909</u> |

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



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 Mount Eaton
Wayne County
P.O. Box 287
Mount Eaton, Ohio 44659

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 Mount Eaton, Wayne 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 May 14, 2015, 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. We also noted the Village restated its 2012 financial statements.

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

May 14, 2015

**VILLAGE OF MOUNT EATON
WAYNE 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 recorded the entire Mayor's Court activity in the General Fund rather than in an Agency Fund. The Mayor's Court records are kept separate from the Village's books, and at the beginning of each month a memo entry is recorded in the General Fund for the prior month's Mayor's Court receipts, and a memo disbursement is recorded for the State and County's portion of the fines and fees. This practice overstates the General Fund's receipts and disbursements, with 2014 receipts and disbursements overstated by \$12,697 and 2013 receipts and disbursements overstated by \$18,811.

For 2014, \$43,153 of receipts and \$44,797 of disbursements were adjusted to the agency fund's financial statements to reflect the Mayor's Court Activity. For 2013, \$69,142 of receipts and \$72,163 of disbursements were adjusted to the agency fund's financial statements to reflect the Mayor's Court activity.

The fines and costs should be originally recorded in an Agency Fund, and then the portion of fines and costs due to the Village should be recorded as a receipt in the General and Special Revenue Funds to clearly account for the portion of court receipts that legally belong to the Village. The fines and costs due to the state should also be recorded as disbursements from this Agency Fund. This will allow for the entire activity of the Village to be included on the Village's books and financial statements, and for Council to review the activity, and will help ensure more accurate financial statements.

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

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VILLAGE OF MT. EATON

WAYNE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 18, 2015**